UCLA

2014 - 2015

Annual Financial Report

Photograph, Yesenia Villalobos

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A view of UCLA's campus with Royce Hall in the background.

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Letter from Chancellor
Gene D. Block

Todd Ceney/UCLA Photography

"All of us can take pride in UCLA's accomplishments during this past fiscal year. We will continue to build upon our past success as we move forward into our second century as one of the world's premiere public research universities.
Thank you very much for your contribution and support to this success and to our mission."

In my ninth year as chancellor of this great institution, I am extremely proud of our talented students, committed faculty and dedicated staff and all that was accomplished during the 2014-15 fiscal year.

UCLA continues to be recognized as one of the world's leading research universities. In that role, we make significant contributions to the Los Angeles community, the people of California and the world. UCLA is also an important and accessible avenue of opportunity for thousands of extraordinary students. As we approach our 100th anniversary in 2019, I want to thank our faculty, staff, students, alumni and donors, and all of those who have supported UCLA over the years.

UCLA's Centennial Campaign continued building impressive momentum toward our goal of raising $4.2 billion by 2019, the year of our 100th anniversary. Our ambitious fundraising efforts will provide UCLA with the financial self-reliance needed to ensure that we remain a robust center for innovation, scholarship, knowledge creation, public service and transformational solutions for challenges facing California, the United States and the world.

The Centennial Campaign's primary goals are to increase funding for undergraduate scholarships and graduate student fellowships, boost the number of endowed professorships, enhance other forms of faculty support and improve our campus infrastructure with world-class facilities to support our three-part mission of education, research and service.

In fiscal year 2014–15, UCLA raised $643 million, breaking the previous year's campus record of $557 million. A total of 60,524 donors made 77,818 gifts to UCLA. The largest donation was a transformative $100 million gift from longtime supporter Marion Anderson, which established an endowment to support student financial aid, fellowships and other priorities at the UCLA Anderson School of Management and which will help fund a new building there.

Other noteworthy donations included a $50 million unrestricted bequest from the estate of Irma and Norman Switzer to the David Geffen School of Medicine at UCLA, $10 million from Jim and Carol Collins toward the construction of the on-campus Wasserman Football Center training facility, $10 million from Jeff Skoll to create the Skoll Center for Social Impact Entertainment at UCLA's School of Theater, Film and Television, and $5 million from alumnus Alan Leve to the Center for Jewish Studies, which was renamed in his honor.

Providing state-of-the-art facilities for our faculty, researchers and students has always been critical to UCLA's success, and this will continue to be vitally important in the 21st century. During 2014–15, we

UCLA Photography

Former Bruin football teammates, Woody Strode, Jackie Robinson, and Kenny Washington (from left), went on to make history breaking the color line in professional sports. Strode and Washington became the first African Americans to play in the modern NFL, playing with the Los Angeles Rams. Jackie Robinson, was the first African American to play professional major league baseball and played with the Brooklyn Dodgers.

completed construction or made substantial progress on a number of significant projects that will help support our education and research missions in the decades ahead.

• We held a ceremony to dedicate the stunning Edie & Lew Wasserman Building, a 100,000-square-foot structure devoted to ophthalmology and synergistic programs between the Jules Stein Eye Institute and Ronald Reagan UCLA Medical Center.

• We dedicated a new public entrance to the Mildred E. Mathias Botanical Garden. The seven-acre garden was established when UCLA moved to Westwood in 1929 and remains one of our campus' hidden gems.

• A ribbon-cutting ceremony marked the completion of an important renovation project for the Academic Advancement Program's offices in Campbell Hall.

• We celebrated the completion of phase one and beginning of phase two of Engineering VI. This impressive building at the Samueli School of Engineering and Applied Science will house UCLA's computer science department and provide a host of upgrades and new facilities, including a student learning center and several research labs dedicated to green technology and nanotechnology.

• We opened the Evelyn and Mo Ostin Music Center, a two-building facility that encompasses a modern recording studio, offices, classrooms, a rehearsal studio, a cafe and social spaces.

• We completed work on a number of student housing projects, including the renovation of Hitch Suites, a 324-bed undergraduate residential complex, and the renovation of Saxon Suites, a 448-bed undergraduate residential complex.

• Progress was made on two major projects that are nearing completion in 2016. The six-story Geffen Hall will host a variety of academic teaching and learning programs at the David Geffen School of Medicine. And a topping out ceremony was another milestone in the construction of the Meyer and Renee Luskin Conference Center.

Projects like these not only help our campus; they also contribute to the broader Los Angeles economy. In November 2014, UCLA received a prestigious Eddy Award for outstanding leadership in economic development from the Los Angeles County Economic Development Corporation. The award recognized UCLA's many contributions — as one of the county's largest employers and the source of substantial public-spirited innovation and investment — to the economic health and vitality of the Los Angeles region.

Our world-class faculty continued to be highly successful in attaining competitively awarded research grants, re-

ceiving a total of $1.03 billion in 2014–15.

Several UCLA faculty members were honored by distinguished organizations for their academic, artistic and scientific achievements. Four faculty members were among an illustrious group of 175 scholars, artists and scientists from the U.S. and Canada to receive 2015 Guggenheim Fellowships. Four professors were elected to the American Academy of Arts and Sciences, three to the National Academy of Sciences, three to the National Academy of Education and two to the National Academy of Engineering.

In addition, several faculty members received scholarly honors and awards from an array of institutions, including the National Humanities Center and the Royal Society in the United Kingdom.

UCLA continues to be ranked highly by an array of national and international publications. In *U.S. News* and *World Report*'s first-ever Best Global Universities Rankings, UCLA was the No. 2 U.S. public university and No. 8 university overall, based on academic research performance and global and regional reputation. UCLA was No. 12 in the 2014–15 Times Higher Education World University Rankings. Shanghai Jiao Tong University's Academic Ranking of World Universities ranked UCLA No. 2 among U.S. public institutions and No. 12 overall.

UCLA was the top-ranked university in *Washington Monthly*'s list of "affordable elite" universities and No. 5 among national universities, according to their contribution to the public interest.

In athletics, our men's water polo team won the NCAA title, bringing UCLA's total of NCAA team championships to 112, the most in the nation. Other highlights included the women's basketball team's WNIT championship and a NCAA regional victory for our women's gymnastics team, the 21st in program history.

Because of our exceptional faculty, our commitment to diversity and inclusion and our global reputation for excellence, UCLA attracts the very best students from California, the rest of the U.S. and the world. UCLA continues to receive more applications than any other college or university in the country. We received nearly 106,000 applications for admission in fall 2014 — more than 86,000 from prospective freshmen and nearly 20,000 from transfer students. The weighted average high school GPA of the first-year students we admitted was an impressive 4.39.

In fiscal year 2014–15, as we continued to ensure our students are prepared to thrive and lead in an increasingly complex and globalized world, our faculty approved a requirement for undergraduates to take a course incorporating analytical skills needed to develop critical and reflective perspectives on diversity. UCLA offers more than 200 courses in departments as varied as history, biology, classics, political science and religion that meet the new requirement and additional courses are being developed. The measure affects students in the College of Letters and Science, where 85 percent of UCLA undergraduates are enrolled.

On a related topic, we announced the appointment of UCLA Law Professor Jerry Kang as our inaugural vice chancellor for equity, diversity and inclusion. Professor Kang is an influential scholar who has written extensively about implicit bias and the law; hate crimes, affirmative action and related topics. We also made several related appointments who will report to Professor Kang, including discrimination prevention officers, departmental equity advisors, and a new Title IX manager.

In keeping with our commitment to provide societally relevant research and public policy solutions, we introduced *UCLA Blueprint*, a magazine created through a partnership of the Luskin School of Public Affairs and UCLA External Affairs. Los Angeles Mayor Eric Garcetti and a host of other civic, corporate and academic leaders helped us launch the magazine, which suggests compelling ideas for policy changes and engages readers and leaders in conversations about the most pressing problems of our region and state.

All of us can take pride in UCLA's accomplishments during this past fiscal year. We will continue to build upon our past success as we move forward into our second century as one of the world's premiere public research universities. Thank you very much for your contribution and support to this success and to our mission.

Gene D. Block

Chancellor

UCLA

UNIVERSITY OF CALIFORNIA, *LOS ANGELES*

CAMPUS AND FINANCIAL HIGHLIGHTS

Years ended, 2015 and 2014 *(dollars in millions)*	2015	2014
CAMPUS LAND AREA	419 acres	419 acres
ENROLLMENT - FALL QUARTER		
Undergraduates	29,633	28,674
Graduates, and Interns and Residents	13,606	13,516
EMPLOYEE COUNT		
Full-Time Equivalent (includes over 7,000 casuals and students)	33,147	32,110
NET POSITION:		
Beginning of Year (restated)	$ 1,980	$ 1,584
End of Year	$ 2,043	$ 1,980
ASSETS:		
Total Current Assets	$ 1,870	$ 1,655
Total Noncurrent Assets and Deferred Outflows	11,586	10,910
	$ 13,456	$ 12,565
LIABILITIES:		
Total Current Liabilities	$ 1,475	$ 1,343
Total Noncurrent Liabilities and Deferred Inflows	9,938	9,243
	$ 11,413	$ 10,586
REVENUE:		
Operating Revenue	$ 5,579	$ 4,930
Nonoperating Revenue (Core Activities)	881	849
	$ 6,460	$ 5,779
Principal Sources of Operating Revenue:		
Student Tuition and Fees	$ 668	$ 653
Grants and Contracts	$ 909	$ 857
Sales and Services	$ 3,805	$ 3,309
Principal Sources of Nonoperating Revenue:		
State Educational Appropriations	$ 458	$ 452
EXPENDITURES:		
Operating Expense	$ 6,496	$ 6,012
Nonoperating Expense (Core Activities)	126	126
	$ 6,622	$ 6,138
Principal Operating Expenditures:		
Salaries and Wages	$ 3,050	$ 2,826
Benefits	$ 1,303	$ 1,215
Supplies and Materials	$ 674	$ 628
Other Operating Expenditures	$ 1,058	$ 927

Photograph, Damian Tsutsumida

UCLA Chorale and Philharmonia, under the direction of Neal Stulberg, in a performance of Handel's oratorio "Judas Maccabaeus" at the historic Wilshire Boulevard Temple in Los Angeles. The Chanukah Concert and Celebration was presented by the UCLA Herb Alpert School of Music, Sunday, December 6, 2015.

MANAGEMENT'S *DISCUSSION AND ANALYSIS*

The objective of Management's Discussion and Analysis (MD&A) is to help readers of the University of California Los Angeles' financial statements better understand the financial position and operating activities for the year ended June 30, 2015, with selected comparative information for the year ended June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes to the financial statements. Unless otherwise indicated, years 2013, 2014, 2015, etc. in this discussion refer to the fiscal years ended June 30.

UCLA is one of 10 campuses within the University of California system. The UCLA Annual Financial Report, while not separately audited, is prepared from the official University of California records and accounts, which are maintained in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB). The three basic financial statements in this report—the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows—encompass the UCLA campus and its discretely presented components, the UCLA Foundation and the Jonsson Cancer Center Foundation. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements. However, the MD&A and the Notes to the Financial Statements focus mainly on the campus; information relating to The UCLA Foundation can be found in the separately issued audited financial statements at https://www.uclafoundation.org, and the Jonsson Cancer Center Foundation (JCCF) separately issued audited financial statements can be found at http://www.cancer.ucla.edu. Also, audited financial statements for the UCLA Medical Center are in the University of California's combined Medical Centers Report, available at http://www.ucop.edu/bondholder-information/financial-reports/medical-center-financial-reports/index.html.

THE UNIVERSITY OF CALIFORNIA

The University of California, one of the largest and most acclaimed institutions of higher learning in the world, is dedicated to excellence in teaching, research, health care and public service. The University has annual resources of nearly $28.7 billion and encompasses ten campuses, five medical schools and medical centers, four law schools and a statewide Division of Agricultural and Natural Resources. The University is also involved in the operation and management of three national laboratories for the U.S. Department of Energy (DOE). The consolidated audited financial report of the University of California is available at http://www.universityofcalifornia.edu/reportingtransparency/.

THE LOS ANGELES CAMPUS OF THE UNIVERSITY OF CALIFORNIA

UCLA was founded in 1919 and is financially the largest campus in the 10-campus University of California system, with an annual budget that exceeds $6 billion. The financial statements included in this annual report encompass the following:

Campus – The Los Angeles campus spans 419 acres in Westwood and is devoted to undergraduate and graduate scholarship serving over 43,000 students in the following schools:

COLLEGE OF LETTERS AND SCIENCE

General
Humanities
Institute of the Environment and Sustainability
International Institute
Life Sciences
Physical Sciences
Social Sciences

HEALTH SCIENCES PROGRAMS

David Geffen School of Medicine
Jonathan and Karin Fielding School of Public Health
School of Dentistry
School of Nursing

PROFESSIONAL SCHOOLS

Graduate School of Education & Information Studies
Henry Samueli School of Engineering
and Applied Science
John E. Anderson Graduate School of Management
Meyer and Renee Luskin School of Public Affairs
School of Law
School of the Arts and Architecture
School of Theater, Film and Television

BASIC BIOMEDICAL SCIENCES

Letters and Science: Basic Biomedical Sciences
Medicine: Basic Biomedical Sciences

During the 2014-15 academic year, UCLA offered approximately 6,750 different undergraduate and graduate courses in 165 subject areas, producing more than 400,000 enrollments in primary classes and 195,000 enrollments in laboratory and discussion sections over the course of the year. Known for academic excellence, many of UCLA's programs are rated among the best in the nation, and some are among the best in the world. Few universities offer the range and diversity of academic programs available to UCLA students.

The campus' mission also includes a strong dedication to research and public service. The UCLA community focuses on environmental issues, economic and social policy concerns, public education reform, and the cost of health care and medical advances. More than 5,600 research projects are being conducted on campus at any given time. For 2015, UCLA expenditures for research were approximately $737 million. In 2014, the most recently available ranking, the Center for Measuring University Performance, placed UCLA among the nation's top public and private research universities. This ranking was based on the number of competitively awarded research grants and contracts; faculty membership in the National Academies; faculty awards; the number of doctorates awarded; and other factors relating to research.

UCLA Extension offers the public more than 5,000 continuing education courses annually, covering professional and career development, academic enrichment and personal growth. These courses attract over 40,000 individual students from the many communities of Southern California and beyond.

UCLA employed over 44,000 faculty, administrators and staff (including casual and student employees), filling approximately 33,000 full-time-equivalent positions and spent $4 billion in compensation costs for the fiscal year ended June 30, 2015. UCLA's employees are distinguished for their contributions to education, research and public service.

Distinguished honors and awards to UCLA alumni and faculty include:

- Seven alumni awarded Nobel Prizes for chemistry (1951, 1984, 2010), economics (1990, 2009), physiology or medicine (2013), and peace (1950)
- Six faculty members awarded Nobel Prizes for chemistry (1960, 1987, 1997), physics (1965), physiology or medicine (1998), and economic sciences (2012)
- Eleven alumni awarded Rhodes Scholarships
- Ten faculty members awarded the President's National Medal of Science from the National Science Foundation
- One faculty member awarded the Fields Medal for Outstanding Discoveries in Mathematics from the International Congress of the International Mathematical Union (2006)
- Five alumni and three faculty members awarded the Presidential Medal of Freedom

The Center for the Art of Performance at UCLA, the Fowler Museum at UCLA, the Hammer and the UCLA Film & Television Archive provide both academic programs and a wide array of public events second to none.

As of fall 2014, UCLA's on-campus physical plant included 5 on-campus buildings under construction, along with 215 existing buildings. Off campus, UCLA owns or manages 144 buildings and has 184 existing leases for various programmatic activities. UCLA has 18 libraries, housing more than 11 million volumes; a cogeneration power plant; on-campus student housing for more than 13,000 students; off-campus student and faculty apartments; and more, including the UCLA Conference Center at Lake Arrowhead.

UCLA Health System is comprised of Ronald Reagan UCLA Medical Center, UCLA Medical Center Santa Monica, Resnick Neuropsychiatric Hospital at UCLA, Mattel Children's Hospital UCLA, and the UCLA Medical Group. With its wide-reaching system of primary-care and specialty-care offices throughout the region, UCLA Health System is among the most comprehensive and advanced health care systems in the world. According to U.S. News and World Report's America's Best Hospital Honor Roll, UCLA Health ranks as one of the top five hospitals in the nation and, for 26 consecutive years, as the best hospital in the Western United States. UCLA's nationally recognized programs based in Westwood and in Santa Monica have been ranked highly in 15 of the 16 specialty areas. The medical center comprises teaching hospitals for the David Geffen School of Medicine at UCLA. Information relating to UCLA Health System can be found at http://www.uclahealth.org/.

Key Operating metrics for the UCLA Medical Center for the fiscal years ended June 30 are as follows:

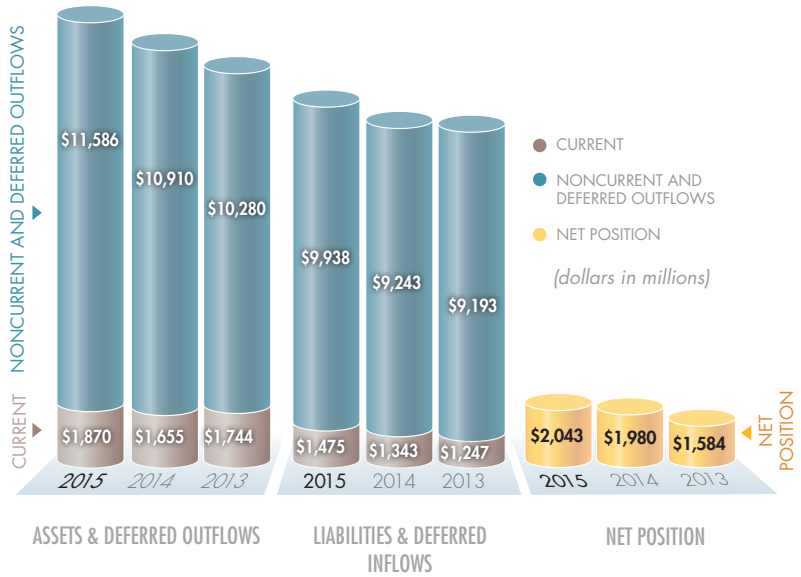
	2015	2014	Increase/(Decrease) Amount	Percentage
OPERATING STATISTICS				
Licensed beds*	805	805	0	0.0%
Admissions	42,345	42,142	203	0.5%
Average daily census	738	733	5	0.7%
Discharges	42,303	42,117	186	0.4%
Average length of stay	6.4	6.4	0.0	0.0%
Patient days	269,368	267,506	1,862	0.7%
Case mix index	1.88	1.95	(0.07)	(3.6%)
Outpatient visits	766,640	706,325	60,315	8.5%
ADMISSIONS AND PATIENT DAYS	269,368	267,506	1,862	0.7%
OUTPATIENT VISITS				
Hospitals and clinics	693,355	640,012	53,343	8.3%
Emergency visits	73,285	66,313	6,972	10.5%
Total	**766,640**	**706,325**	**60,315**	**8.5%**

**Reduced one licensed bed as part of annual licensing with the state*

An Overview – The following table reflects the composition of UCLA for 2015, listing enrollment figures, full-time-equivalent employee figures and operating expenses by organization.

(dollars in millions)	Undergraduates	Graduates, Interns and Residents	Full-Time Equivalent (Includes Students)	Salaries and Wages	Benefits	Other Expenditures	Total Expenditures
Organizations	**Fall Enrollment**		**Employees**	**Operating Expenses**			
College of Letters and Science	24,498	2,656	3,592	$ 304	$ 141	$ 111	$ 556
School of the Arts and Architecture	893	424	533	41	19	15	75
School of Dentistry	-	501	373	36	15	24	75
School of Education & Information Studies	-	805	414	33	16	21	70
School of Engineering & Applied Science	3,156	1,927	839	77	37	40	154
School of Law	-	1,140	298	35	14	31	80
School of Management	-	2,036	433	57	21	46	124
School of Medicine	-	2,287	8,122	856	324	382	1,562
School of Nursing	193	386	150	14	6	6	26
School of Public Affairs	-	512	147	15	6	13	34
School of Public Health	-	578	306	30	13	21	64
School of Theater, Film and Television	332	312	289	21	10	8	39
Basic Biomedical Sciences	561	42	184	15	7	6	28
Neuropsychiatric Hospital	-	-	298	33	14	12	59
Neuropsychiatric Institute	-	-	589	61	8	(56)	13
Medical Center	-	-	8,259	806	340	829	1,975
University Extension	-	-	448	40	17	35	92
All Others	-	-	7,873	576	295	225	1,096
Subtotal Organizations	29,633	13,606	33,147	3,050	1,303	1,769	6,122
Depreciation Expense						348	348
Impairment of Capital Assets						4	4
Other Operational Expenditures						22	22
Total	29,633	13,606	33,147	$ 3,050	$ 1,303	$ 2,143	$ 6,496

THE CAMPUS' FINANCIAL POSITION



The statement of net position presents UCLA's financial position at the end of the fiscal year. It displays the assets, deferred outflows and liabilities of the campus. The difference between assets, deferred outflows and liabilities is net position.

The major components of the assets, deferred outflows, liabilities, deferred inflows and net position as of 2015, 2014 and 2013 are as follows:

(dollars in millions)	2015	2014	2013
ASSETS			
Investments	$ 5,130	$ 4,917	$ 4,439
Accounts receivable, net	858	861	879
Capital assets, net	5,891	5,757	5,448
Other assets	244	159	133
Total assets	**12,123**	**11,694**	**10,899**
DEFERRED OUTFLOWS OF RESOURCES	**1,333**	**871**	**1,125**
LIABILITIES			
Debt, including commercial paper	3,554	3,434	3,296
Pension obligations	3,074	2,242	3,098
Obligations for retiree health benefits	2,277	2,031	1,810
Other liabilities	1,322	1,310	1,310
Total liabilities	**$ 10,227**	**$ 9,017**	**$ 9,514**
DEFERRED INFLOWS OF RESOURCES	**1,185**	**1,569**	**926**
NET POSITION			
Invested in capital assets, net of related debt	2,808	2,737	2,541
Restricted - expendable	1,588	1,523	1,351
Restricted - nonexpendable	259	248	237
Unrestricted	(2,612)	(2,528)	(2,545)
Total net position	**$ 2,043**	**$ 1,980**	**$ 1,584**

The Campus' Assets and Deferred Outflows

UCLA's total assets have grown by $429 million to $12.1 billion in 2015, compared to $11.7 billion in 2014. Capital assets have increased due to continued investments in facilities, and investments increased due to financial market returns. Deferred inflows and outflows fluctuate primarily as a result of changes in UCLA's pension obligations.

Investments

Investments held by the University are principally carried in three investment pools: the Short Term Investment Pool (STIP), the Total Return Investment Pool (TRIP) and the General Endowment Pool (GEP). Cash for operations and bond proceeds for construction expenditures are invested in STIP. The University uses STIP to meet operational liquidity needs. TRIP provides the opportunity to maximize the return on long-term capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP is managed to a total return objective and is intended to supplement STIP. As a result of continued low interest rates, the University increased its use of TRIP to enhance investment returns, while still maintaining sufficient funds in STIP to meet operational liquidity needs. The GEP is a balanced portfolio and the primary investment vehicle for individual endowments and funds functioning as endowments.

The Regents of the University of California (The Regents) utilize asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and acceptable levels of risk. The GEP portfolio had positive returns of 7.2 percent, 19.0 percent and 12.0 percent in 2015, 2014 and 2013, respectively. TRIP had positive returns of 2.6 percent, 14.7 percent and 8.3 percent in 2015, 2014 and 2013, respectively. STIP had positive returns of 1.4 percent, 1.6 percent and 2.1 percent in 2015, 2014 and 2013, respectively.

UCLA's investments, at June 30, include STIP at $1.4 billion, $1.3 billion and $1.7 billion for 2015, 2014 and 2013, respectively; $2.1 billion, $2.1 billion, and $1.4 billion in TRIP for 2015, 2014 and 2013, respectively; and $1.6 billion, $1.5 billion, $1.3 billion in GEP for 2015, 2014 and 2013, respectively.

Capital assets, net

Capital spending continues at a brisk pace in order to provide the facilities necessary to support UCLA's teaching, research and public service mission and for patient care. Capital spending includes constructing and renovating academic buildings, research laboratories, libraries, student services, housing facilities, medical centers and clinical facilities, parking structures and infrastructure projects. Total additions to capital assets were $493 million in 2015 and $649 million in 2014. Completed buildings and improvements in 2015 include: the CHS South Tower Seismic Renovation in the amount of $ 204 million, the Landfair and Glenrock Apartments Redevelopment at a total cost of $62 million, the Engineering VI Phase 1 Building in the amount of $53 million, and Tenant Improvements of $39 million to the Wasserman Building.

Major projects under construction include the UCLA Meyer and Renee Luskin Conference Center with cumulative costs of $96 million and the Teaching and Learning Center for Health Sciences with cumulative costs of $41 million as of FY 2015.

Other assets

Other assets include cash, investments held by trustees, pledge receivables, note and mortgage receivables, and inventories.

Deferred Outflows of Resources

Changes in fair values of the University's interest rate swaps determined to be hedging derivatives, losses on debt refundings and certain changes in net pension liability are reported as deferred outflows of resources. The total increase of $462 million was comprised of a $398 million increase for recognition of changes in the net pension liability, $56 million increase in loss on debt refunding, and a $7 million increase in changes to interest rate swaps.

The Campus' Liabilities and Deferred Inflows

Campus liabilities and deferred inflows of resources increased to $10.2 billion in 2015, compared to $9.0 billion in 2014, primarily due to a $659 million increase in obligations for the UC Retirement Plan, a $246 million increase in obligation for retiree health benefits, and a $172 million increase in pension payable.

Debt, including commercial paper

Capital assets are financed from a variety of sources, including equity contributions, federal and state support, revenue bonds, bank loans and leases or structures that involve separate legal entities. Commercial paper and bank loans provide interim financing for capital assets during the construction period. Outstanding debt increased by $119 million and $138 million in 2015 and 2014, respectively.

UCLA's debt, which is used to primarily finance capital assets, includes $237 million, $208 million and $192 million of commercial paper outstanding at the end of 2015, 2014 and 2013, respectively. Total debt outstanding was $3.6 billion at the end of 2015 and $3.4 billion and $3.3 billion at the end of 2014 and 2013, respectively.

In 2015, General Revenue Bonds of $402 million and $1 million in capital leases were issued to finance and refinance certain UCLA facilities and projects. Reductions to outstanding debt in 2015 were $386 million, including $311 million for one-time principal payments for the refinancing or refunding of previously outstanding debt, and $75 million in principal payments and amortizations.

The University's General Revenue Bond ratings are currently affirmed at Aa2, AA and AA by Moody's Investors Service, Standard & Poor's, and Fitch, respectively, all with stable outlooks. The University's Limited Project Revenue Bonds and Medical Center Pooled Revenue Bonds are currently affirmed at Aa3, AA- and AA- by Moody's Investors Service, Standard & Poor's, and Fitch, respectively, all with stable outlooks.

Commercial paper borrowings increased by $29 million in 2015 as compared to 2014, and increased by $16 million in 2014 compared to 2013. Commercial paper is primarily used as interim financing for construction projects and equipment financing. Commercial paper fluctuates based upon the timing of refinancing construction projects with the issuance of long-term Revenue Bonds. The University has various revolving credit agreements totaling $1.2 billion with major financial institutions for the purpose of providing additional liquidity for bonds, commercial paper and for other liquidity needs.

Pension obligations and retiree health benefits

The University has a financial responsibility for pension benefits associated with its defined benefit plans and for retiree health benefits. UCLA's pension obligation was $2.4 billion, $1.7 billion and $2.6 billion in 2015, 2014 and 2013, respectively. The change in net pension liability for 2015 was primarily driven by changes in assumptions from the experience study and lower-than-expected returns on the UCRP investment portfolio. The change in net pension liability for 2014 was primarily driven by better-than-expected investment performance of the UCRP investment portfolio. UCRP's total investment rate of return was 4.5 percent in 2015, 17.4 percent in 2014 and 11.7 percent in 2013. The discount rate used to estimate the net pension liability was 7.25 percent in 2015 and 7.5 percent in both 2014 and 2013.

The University's obligation for retiree health benefits is based upon an actuarial determination of the annual retiree health benefit expense. The University funds the retiree health expense through University of California Retiree Health Benefit Trust (UCRHBT) based upon a projection of benefits on a pay-as-you-go basis. The increases of $246 million, $221 million and $286 million, respectively, for 2015, 2014 and 2013 in the obligation for retiree health benefits is due to the impact of amortizing the UCLA's unfunded obligation. The unfunded liability for UCLA as of July 1, 2014 actuarial valuation was $3.5 billion, and as of July 1, 2013 actuarial valuation was $3.3 billion.

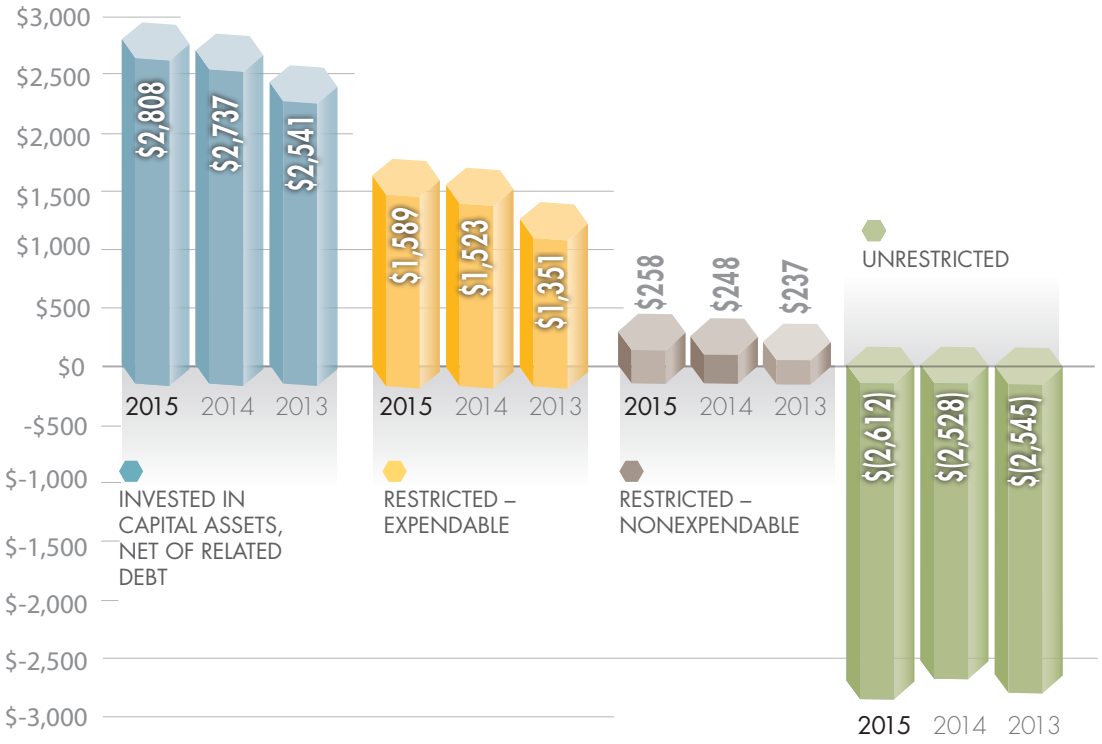
Other liabilities

Other liabilities consist of accounts payable, other employee benefits, unearned revenue, funds held for others, federal refundable loans, self-insurance and obligations under life income agreements. Other liabilities were $1.3 billion for both 2015 and 2014.

Deferred Inflows of Resources

Deferred inflows of resources are related to UCLA's service concession arrangements, gains on debt refundings and certain changes in the net pension liability. Deferred inflows of resources in 2015 decreased by $384 million due to changes in pension obligations as a result of changes in assumptions for inflation offset by recognition of investment gains from previous years.

NET POSITION *(in millions of dollars)*



The Campus' Net Position

Net position represents the residual interest in UCLA's assets and deferred outflows after all liabilities are deducted. UCLA's net position was $2.0 billion in 2015 compared to $2.0 billion in 2014 and $1.6 billion in 2013. Net position is reported in the following categories: net investment in capital assets; restricted, nonexpendable; restricted, expendable; and unrestricted.

Net investment in capital assets

The portion of net position invested in capital assets, net of accumulated depreciation and related outstanding debt used to finance the acquisition, construction or improvement of these capital assets, was $2.8 billion in 2015, and $2.7 billion in 2014 and $2.5 billion in 2013. The campus continues to invest in its physical facilities to support the growth of the University.

Restricted, nonexpendable

Restricted, nonexpendable net position includes the corpus of UCLA's permanent endowments and the estimated fair value of certain planned giving arrangements. In 2015 and 2014, the increases in restricted nonexpendable net position were principally due to the receipt of new gifts.

Restricted, expendable

Restricted, expendable net position is subject to externally imposed restrictions governing their use. Net position may be spent only in accordance with the restrictions placed upon them and may include endowment income and gains, subject to the University's spending policy; support received from gifts, appropriations or capital projects; trustee-held investments; or other third party receipts. The increases or decreases in restricted, expendable funds are principally due to unrealized appreciation or depreciation, respectively, in the fair value of investments related to restricted gifts and funds functioning as endowments.

Unrestricted

Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the net position is allocated for academic and research initiatives or programs, and for capital and other purposes. As of June 30, 2015 and 2014, the unrestricted net position is in a deficit position at $2.6 billion and $2.5, respectively. The increase in the deficit in 2015 is due to increases in the University's pension and retiree health benefit obligations. The decrease in the deficit in 2014 is due to changes in the net pension obligation related to strong financial market performance.

The Campus' Results of Operations

The statement of revenues, expenses and changes in net position is a presentation of the campus' operating results. It indicates whether the financial condition has improved or deteriorated. In accordance with Governmental Accounting Standards Board (GASB) requirements, certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the campus are required to be recorded as nonoperating revenues, including state educational appropriations, private gifts and investment income.

A summarized comparison of the operating results for 2015, 2014 and 2013, arranged in a format that matches the revenue supporting the core activities of UCLA with the expenses associated with core activities, is as follows:

	YEAR ENDED JUNE 30, 2015			YEAR ENDED JUNE 30, 2014			YEAR ENDED JUNE 30, 2013		
(dollars in millions)	Operating	Nonoperating	Total	Operating	Nonoperating	Total	Operating	Nonoperating	Total
REVENUES									
Student tuition and fees, net	$ 668	$ -	$ 668	$ 653	$ -	$ 653	$ 621	$ -	$ 621
State educational appropriations	-	458	458	-	452	452	-	408	408
Federal Pell Grants	-	50	50	-	48	48	-	43	43
Grants and contracts, net	909	-	909	857	-	857	897	-	897
Sales and services, net	3,805	-	3,805	3,309	-	3,309	3,143	-	3,143
Private gifts, net	-	285	285	-	268	268	-	255	255
Investment income, net	-	73	73	-	59	59	-	72	72
Other revenues, net	197	15	212	111	22	133	111	63	174
Revenues supporting core activities	**5,579**	**881**	**6,460**	**4,930**	**849**	**5,779**	**4,772**	**841**	**5,613**
EXPENSES									
Salaries and benefits	4,353	-	4,353	4,041	-	4,041	4,217	-	4,217
Scholarships and fellowships	10	-	10	27	-	27	36	-	36
Utilities	53	-	53	55	-	55	53	-	53
Supplies and materials	674	-	674	628	-	628	548	-	548
Depreciation and amortization	348	-	348	334	-	334	293	-	293
Interest expense	-	119	119	-	120	120	-	136	136
Other expenses	1,058	7	1,065	927	6	933	886	6	892
Expenses associated with core activities	**6,496**	**126**	**6,622**	**6,012**	**126**	**6,138**	**6,033**	**142**	**6,175**
Income (loss) from core activities	**(917)**	**755**	**(162)**	**(1,082)**	**723**	**(359)**	**(1,261)**	**699**	**(562)**
OTHER NONOPERATING ACTIVITIES									
Net appreciation (depreciation) in fair value of investments			105			402			133
Income (loss) before other changes in net position			(57)			43			(429)
OTHER CHANGES IN NET POSITION									
State capital appropriations			9			12			16
Capital gifts and grants			16			94			36
Permanent endowments			52			16			17
Transfers to (from) core activities			43			231			111
Transfers to (from) capital accounts			-			-			-
Increase in net position			63			396			(249)
NET POSITION									
Beginning of year, as previously reported			1,980			4,531			4,472
Cumulative effect of accounting change			-			(2,947)			(2,639)
Beginning of year, as restated			1,980			1,584			1,833
End of year			**$ 2,043**			**$ 1,980**			**$ 1,584**

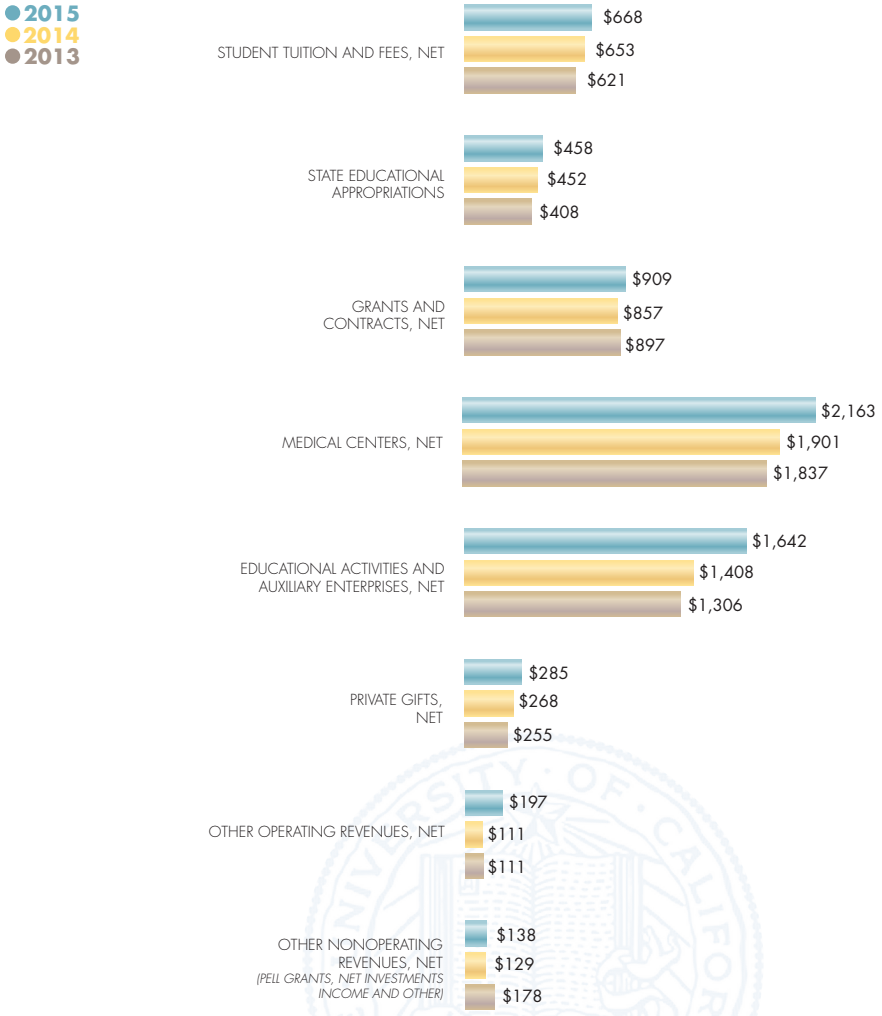
Revenues Supporting Core Activities

Revenues to support UCLA's core activities, including those classified as nonoperating revenues, were $6.5 billion, $5.8 billion, and $5.6 billion in 2015, 2014, and 2013, respectively. These diversified sources of revenue increased by $681 million in 2015 and increased by $166 million in 2014.

The State of California's educational appropriations, in conjunction with student tuition and fees, are the core components that support the instructional mission of UCLA. Grants and contracts provide opportunities for undergraduate and graduate students to participate in basic research alongside some of the most prominent researchers in the country.

Gifts to the campus allow crucial flexibility to faculty for support of their fundamental activities or new academic initiatives. Other significant revenues are from the UCLA Health System, educational activities and auxiliary enterprises such as student housing, food-services operations and parking.

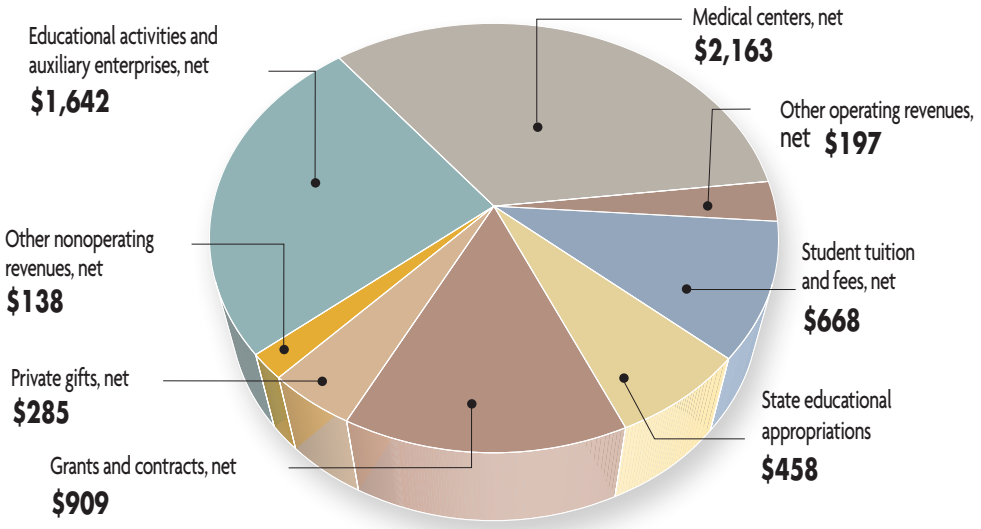
Revenues in the various categories have increased and decreased over the last year as follows:



A major financial strength of UCLA includes a diverse source of revenues, including those from student fees, federally sponsored grants and contracts, medical centers, the State of California, private support and self-supporting enterprises. The variety of fund sources has become increasingly important over the past several years, given the effects of the state's financial crisis that required reductions in both instructional and non-instructional programs.

Categories of both operating and nonoperating revenue that support UCLA's core activities in 2015 are as follows:

REVENUES
2015
(dollars in millions)



Student tuition and fees, net

Net student tuition and fees were $668 million, $653 million and $621 million in 2015, 2014, and 2013, respectively. Student tuition and fees, net of scholarship allowances, increased by $15 million, and $32 million in 2015 and 2014, respectively. Scholarship allowances were $294 million, $260 million, and $247 million in 2015, 2014 and 2013, respectively. Scholarship allowances are reported as an offset to revenue, not as an operating expense.

Student Tuition and Fees, net
(dollars in millions)

	2015	2014	2013
Student tuition and fees	$ 822	$ 782	$ 740
Summer Sessions	49	48	47
University Extension	91	83	81
Scholarship allowance	(294)	(260)	(247)
Total	**$ 668**	**$ 653**	**$ 621**

In 2015, enrollment grew by 2.5 percent. Mandatory tuition and fees for resident undergraduates were not changed in 2015 and 2014. Certain nonresident undergraduates and resident and nonresident graduate students experienced increases in mandatory tuition and fees. Professional degree supplement tuition varies by discipline; no increases were approved for 2015, and limited increases were approved for 2014.

State educational appropriations

Educational appropriations from the State of California were $458 million, $452 million and $408 million in 2015, 2014 and 2013, respectively. State education appropriations increased in 2015 and 2014 by $6 million and $44 million, respectively, as a result of tax initiatives approved by the voters of California in November 2012. In connection with the passage of these tax initiatives, the University did not raise tuition from 2013 to 2015. Additionally, the State of California agreed to increase state educational appropriations in exchange for the reduction in state financing appropriations, which decreased when the Lease Revenue Bonds issued by the State Public Works Board of the State of California were refinanced in October 2013.

Grants and contracts, net

Revenues from federal, state, private and local government grants and contracts—including an overall facilities and administration cost recovery of $182 million, $175 million and $184 million in 2015, 2014 and 2013, respectively—were $909 million, $857 million, and $897 million in 2015, 2014, and 2013, respectively.

Grants and Contracts *(dollars in millions)*	**2015**	**2014**	**2013**
Federal government	$ 584	$ 558	$ 606
State agencies	53	47	52
Private industries	211	200	195
Local government	61	52	44
Total	**$ 909**	**$ 857**	**$ 897**

In 2015, federal grants and contracts revenue increased $26 million, or 4.7 percent as compared to 2014. In 2014, federal grants and contracts revenue decreased $48 million, or 7.9 percent as compared to 2013. Federal grants and contracts include federal facilities and administrative cost recovery of $134 million, $131 million and $141 million in 2015, 2014 and 2013, respectively. Expiring federal grants and contracts funded from federal economic stimulus funds were made available by the American Recovery and Reinvestment Act (ARRA) and federal budget cuts that have slowed the growth in federal grants and contracts.

Sales and services, net

Represents revenue from UCLA Health Systems, educational activities and auxiliary enterprises. This represents:

Sales and Services *(dollars in millions)*	**2015**	**2014**	**2013**
UCLA Health System	$ 2,163	$ 1,901	$ 1,837
Educational activities	1,263	1,058	965
Auxiliary enterprises, net	379	350	341
Total	**$ 3,805**	**$ 3,309**	**$ 3,143**

The UCLA Health System revenues, including state hospital fee grants and net of allowances, increased $262 million, or 13.8 percent in 2015 and increased $64 million, or 3.5 percent in 2014. Revenues increased in 2015 and 2014 due to higher patient volumes, a continuing increase in the complexity of cases, slight improvements in payor mix and higher reimbursement rates. In response to health care reform and increasing employee costs, the medical center continues to invest in expanding services and achieving efficiencies to maintain operating margins.

Revenue from education activities, primarily medical professional fees, net of allowances, grew by $205 million, or 19.4 percent in 2015 and $93 million, or 9.6 percent in 2014. The growth is generally associated with an expanded patient base and higher rates from third-party payors.

Sales from auxiliary enterprises, including on-campus student housing, off-campus housing, intercollegiate athletics, ASUCLA's bookstore and parking services, increased $29 million, or 8.3 percent in 2015 and $9 million, or 2.6 percent in 2014.

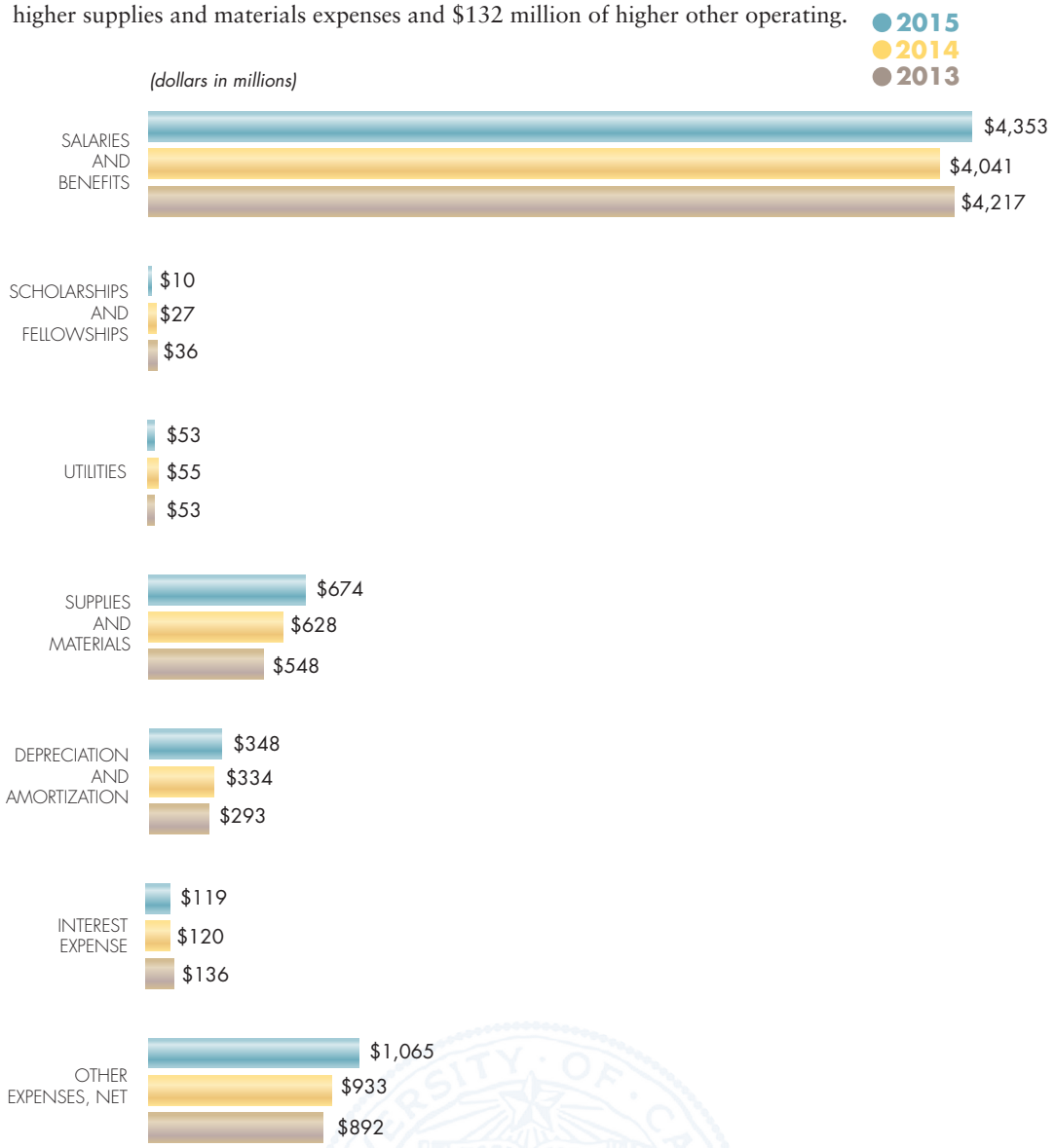
Private gifts

Private gifts revenue, considered nonoperating revenue, either comes directly from the donor or is held by The UCLA Foundation or Jonsson Cancer Center Foundation until transferred to the campus for use.

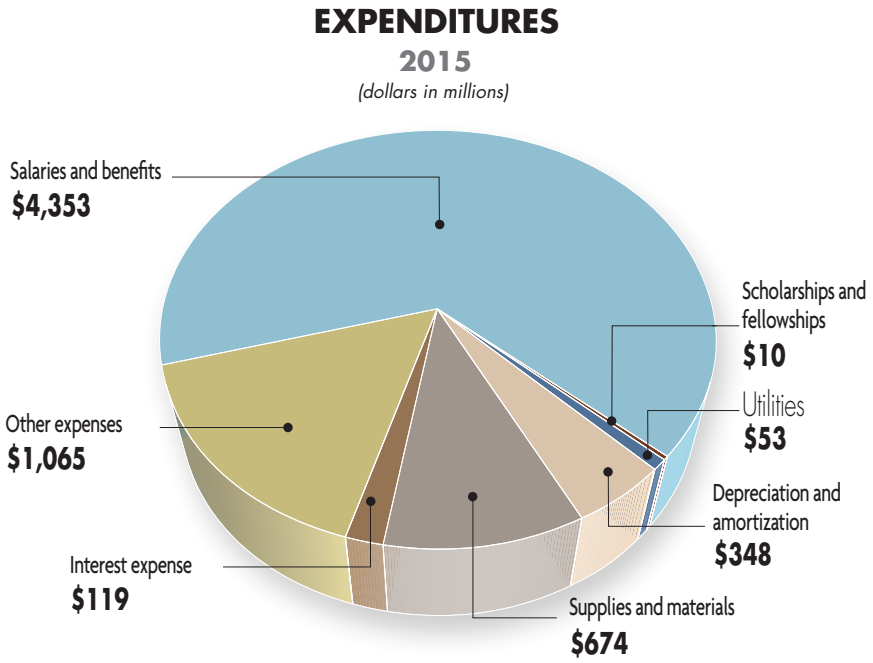
These funds generally are restricted to uses designated by the donor. In 2015, revenues totaled $285 million, representing a $17 million increase from 2014. Approximately 68 percent of these gifts came through The UCLA Foundation for various campus needs. The largest gift received by the campus during 2015 was for the Division of Digestive Diseases and during 2014 was for the Terasaki Life Science Building.

EXPENSES ASSOCIATED WITH CORE ACTIVITIES

UCLA's expenses associated with core campus activities, including those classified as nonoperating expenses, were $6.6 billion, $6.1 billion and $6.2 billion in 2015, 2014 and 2013, respectively. The increase is primarily due to $312 million increase in salaries and benefits expenses, $46 million of higher supplies and materials expenses and $132 million of higher other operating.



Expenses in the various categories are as follows:



The Categories of both operating and nonoperating expenses related to UCLA's core activities in 2015 are as follows:

Salaries and benefits

Approximately 65.7 percent of UCLA's expenses were related to salaries and benefits. There were 33,147 full-time equivalent (FTE) employees in UCLA in 2015.

Salaries and benefits increased 8.0 percent in 2015 due to growth in UCLA's operations. In 2015, salaries increased 7.8 percent, 3.2 percent due to an increase in the number of FTE and 4.6 percent due to an increase in the average salary per FTE. Employee benefits, excluding pension and post-retirement health care benefits, increased by 8.2 percent in 2015, due to higher health insurance costs. Pension expense increased by 6.8 percent due to lower-than-expected investment returns and assumption changes.

Salaries and benefits increased 3.6 percent in 2014 due to lower pension expense. In 2014, salaries increased 3.4 percent, 2.1 percent due to an increase in the number of FTEs and 1.3 percent due to an increase in the average salary per FTE. Employee benefits, excluding pension and post-retirement

health care benefits, increased by 4.8 percent in 2014, due to higher health insurance costs. Pension expense is lower due to investment gains on plan assets in excess of expected returns.

Scholarships and fellowships

UCLA places a high priority on student financial aid as part of its commitment to affordability. Scholarship allowances, representing financial aid and fee waivers awarded by UCLA, were $350 million, $311 million and $292 million in 2015, 2014 and 2013, respectively. Scholarship and fellowships, representing payments of financial aid made directly to students and reported as an operating expense were $359 million, $338 million and $328 million in 2015, 2014 and 2013, respectively. On a combined basis, as UCLA continues its commitment to provide financial aid support for needy students, financial aid in all forms decreased by $9 million, or 5.8 percent in 2015 as compared to 2014.

Supplies and materials

During 2015 and 2014, supplies and materials increased by $46 million, or 7.4 percent, and $80 million, or 14.6 percent, respectively. The largest increases occurred at the medical centers due to higher patient volumes. In recent years, there has been inflationary pressure on the costs for medical supplies and laboratory instruments and higher costs for general supplies necessary to support expanded research activity and increased medical patient volumes. UCLA continues to find opportunities to manage the costs of supplies and materials.

Other expenses

Other expenses consist of a variety of expense categories, including travel, rent, insurance, repairs and maintenance, plus any gain or loss on the disposal of capital assets and other nonoperating expenses. Other expenses increased by $132 million in 2015.

Operating losses

In accordance with the GASB's reporting standards, operating losses were $0.9 billion, $1.1 billion and $1.3 billion in 2015, 2014 and 2013, respectively. The operating loss in 2015 was partially offset by $755 million of net revenue that is required by the GASB to be classified as nonoperating, but clearly supports core operating activities of the University. Expenses associated with core activities in 2015 exceeded revenue available to support core activities by $162 million.

The operating loss in 2014 was partially offset by $723 million of net revenue that is required by the GASB to be classified as nonoperating, but clearly supports core operating activities of the University. Expenses associated with core activities in 2014 exceeded revenue available to support core activities by $359 million.

Other nonoperating activities

UCLA's other nonoperating activities, consisting of net appreciation or depreciation in the fair value of investments, are noncash transactions and, therefore, are not available to be used to support operating expenses. In 2015, UCLA recognized net appreciation in the fair value of investments of $105 million, as compared to $402 million and $133 million in 2014 and 2013, respectively. The University's portfolio showed positive performance in all three years due to returns in both the equity and bond markets.

Other changes in net position

Similar to the other nonoperating activities discussed above, other changes in net position are also not available to support UCLA's operating expenses in the current year. State capital appropriations and capital gifts and grants may only be used for the purchase or construction of the specified capital assets. Only income earned from gifts of permanent endowments is available in future years to support the specified program. UCLA's enrollment growth requires new facilities, in addition to continuing needs for renewal, modernization and seismic correction for existing facilities. Capital appropriations, representing proceeds from bond measures approved by California voters, decreased by $3 million and $4 million in 2015 and 2014, respectively. Capital gifts and grants decreased by $78 million in 2015 and increased by $58 million in 2014.

THE CAMPUS' CASH FLOWS

The statement of cash flows presents the significant sources and uses of cash.

A summary comparison of cash flows for 2015 and 2014 is as follows:

Cash Flow *(dollars in millions)*	**2015**	**2014**	**Change**
Cash received from operations	$ 5,579	$ 4,960	$ (619)
Cash payments for operations	(5,794)	(5,358)	$ 436
Net cash used by operating activities	**(215)**	**(398)**	**(183)**
Net cash provided by noncapital financing activities	833	839	6
Net cash provided by operating and noncapital financing activities	**618**	**441**	(177)
Net cash provided (used) by capital and related financing activities	(482)	(405)	77
Net cash provided (used) by investing activities	6	(116)	(122)
Net increase (decrease) in cash and cash equivalent	**142**	**(80)**	**(222)**
Cash and cash equivalent, beginning of year	771	851	80
Cash and cash equivalent, end of year	**$ 913**	**$ 771**	**$ (142)**

UCLA's cash in demand-deposit accounts is minimized by sweeping available cash balances into investment accounts managed by the Office of the President on a daily basis. Cash provided by operating and noncapital financing activities ranged between $618 million and $441 million for the last two years. In accordance with GASB requirements, certain cash flows relied upon for fundamental operational support of the core instruction mission of the campus are reported as noncapital financing activities, including state educational appropriations, private gifts and grants, and investment income.

Net cash of $482 million was used in 2015 for capital and related financing activities, primarily for purchases of capital assets and principal and interest payments, partially offset by sources that include new external financing, state and federal capital appropriations, and gifts for capital purposes.
The year-to-year change in cash provided (used) by investing activities is largely the result of routine timing of investment purchases, sales and, to a lesser extent, investment income.

LOOKING FORWARD

UCLA, as part of the University of California system, is a world center of learning, known for generating a steady stream of talent, knowledge and social benefits, and has always been at the center of California's capacity to innovate. The excellence of its programs attracts the best students, leverages hundreds of millions of dollars in state, federal and private funding and promotes the discovery of new knowledge that fuels economic growth.

The budget framework agreed to with the governor provides the University with base budget adjustments of 4 percent annually over the next four years, through 2019. The framework also calls for no tuition increases in 2016 and 2017, with tuition increases generally pegged to the rate of inflation to be implemented beginning in 2018. The Student Services Fee is to increase 5 percent in 2016 and each year thereafter with the customary one-third of the increase being directed to financial aid. Fifty percent of the remaining revenue generated from the increase will be used to enhance student mental health services, and the remaining 50.0 percent will be distributed to support other student services programs. The framework also acknowledges the University's plan to increase nonresident supplemental tuition by up to 8 percent for 2016 and 2017 and 5 percent thereafter. The framework also recognizes the increases in professional degree supplemental tuition approved by The Regents in November 2014 for existing and new programs and calls for no increases in law school tuition for the next four years. The framework also provides $25 million in one-time funding for deferred maintenance. In addition to these funding elements, the budget framework includes a number of performance-related provisions.

The University will also receive $436 million in one-time funds over the next three years for UCRP, including $96 million in 2016, $170 million in 2017 and $170 million in 2018. This funding is contingent upon The Regents' approval of a cap on pensionable salary at the same rate as the state's Public Employee Pension Reform Act (PEPRA) cap for the defined benefit plan for employees hired on or after July 1, 2016. The pension cap now in place is equivalent to the Internal Revenue Service level, currently $265,000; for employees hired on or after July 1, 2016, pensionable salaries would be capped at $117,020 in 2016, for those in the defined benefit plan. These changes will only affect new employees hired after the new options are implemented. For represented groups, retirement options will be subject to collective bargaining.

UCLA remains highly competitive in attracting federal grants and contracts revenue, with fluctuations in the awards received closely paralleling trends in the budgets of federal research granting agencies. Over two-thirds of the University's federal research revenue comes from two agencies: the Department of Health and Human Services, primarily through the National Institutes of Health, and the National Science Foundation. Other agencies that figure prominently in the University's awards are the Department of Education, Department of Defense, the National Aeronautics and Space Administration and the Department of Energy. The University is a unique national resource for helping the nation address competitiveness and economic initiatives.

Currently, the University does not pre-fund retiree health benefits and provides for benefits on a pay-as-you-go basis. The unfunded liability for UCLA as of the July 1, 2015 actuarial valuation was $4.3 billion, based upon using a discount rate of 4.5 percent. The Regents approved a new

eligibility formula for the Retiree Health Plan for all employees hired on or after July 1, 2013, and non-grandfathered members, that is based on a graduated formula using both a member's age and years of Retirement Plan service credit upon retirement, subject to collective bargaining for represented members. The University's retiree health benefit obligations reported in the financial statements are expected to increase as a result of new accounting pronouncements that will be effective in the future.

The UCLA Health System has positive operating margins, although it continues to face financial and competitive challenges in its regional market, along with the added costs and responsibilities related to the function as an academic institution. The demand for health care services and the cost of providing them continue to increase significantly. In addition to the rising costs of salaries, benefits and medical supplies faced by hospitals across the state, along with the costs of maintaining and upgrading facilities, UCLA's medical center also faces additional costs associated with new technologies, biomedical research, the education and training of health care professionals and the care for a disproportionate share of the medically underserved in California. Other than Medicare and Medi-Cal (California's Medicaid program), health insurance payments do not recognize the added cost of teaching in their payment to academic medical centers. The growth in costs of the publicly funded programs and health care reform will likely continue to reduce rates or limit payment growth, placing downward pressure on operating results for the medical centers.

UCLA must have a balanced array of many categories of facilities to meet its education, research and public service goals and continues to assess its long-term capital requirements. The support for UCLA's capital program will be provided from a combination of sources, including the State of California, external financing, gifts and other sources.

Additional budget information can be found at: http://universityofcalifornia.edu/news/budget/welcome.html. Additional information concerning state budget matters and the state's financial condition may be found on the website of the State of California Department of Finance at http://www.dof.ca.gov .

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information provided by UCLA, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that UCLA expects or anticipates will or may occur in the future, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. UCLA does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

Photograph, Jennifer Bastian

An interior view of the William Andrews Clark Memorial Library, one of UCLA's major libraries for rare books and manuscripts.

TRANSMITTAL LETTER

The accompanying Financial Statements reflect the financial position and the results of operations of the University of California, Los Angeles (UCLA), for the fiscal years ended June 30, 2014 and 2015.

The UCLA Financial Statements are not individually audited, but rather are audited as part of the Consolidated Annual Financial Report of the University of California by the firm of KPMG, whose report is transmitted to The Regents.

The accompanying Financial Statements and Management's Discussion and Analysis detail only local campus activity. This separate UCLA Annual Financial Report, while not separately audited, is prepared from the official University of California records and accounts, which are maintained in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB).

In compliance with GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, the financial activity of the legally separate, tax-exempt UCLA Foundation and the Jonsson Cancer Center Foundation can be found discretely recorded on the campus' financial statements under a separate column titled "Foundations."

Respectfully submitted,

Allison Baird-James
Associate Vice Chancellor/Controller
Corporate Financial Services

UNIVERSITY OF CALIFORNIA, *LOS ANGELES*

STATEMENT OF NET POSITION

At June 30, 2015 and 2014 *(dollars in thousands)*	CAMPUS		FOUNDATIONS	
	2015	2014	2015	2014
ASSETS				
Cash	$ 26,240	$ 18,569	$ 4,098	$ 2,605
Short-term investments	886,795	752,550	286,046	278,144
Investment of cash collateral	-	-	-	-
Investments held by trustees	163	160	-	-
Accounts receivable, net	756,575	761,709	51,323	7,474
Pledges receivable, net	8,399	7,562	76,539	110,532
Current portion of notes and mortgages receivable, net	6,954	7,111	-	-
Inventories	54,334	55,758	-	-
Other current assets	130,166	51,436	-	27
Current assets	**1,869,626**	**1,654,855**	**418,006**	**398,782**
Investments	4,241,799	4,163,519	1,859,115	1,774,523
Investments of cash collateral	-	-	-	-
Investments held by trustees	744	-	-	-
Pledges receivable, net	9,474	7,374	370,393	344,893
Notes and mortgages receivable, net	76,742	77,263	-	-
Capital assets, net	5,891,216	5,757,042	24,420	22,749
Other noncurrent assets	33,110	34,157	9,539	10,185
Noncurrent assets	**10,253,085**	**10,039,355**	**2,263,467**	**2,152,350**
Total assets	**$ 12,122,711**	**$ 11,694,210**	**$ 2,681,473**	**$ 2,551,132**
DEFERRED OUTFLOW OF RESOURCES	**1,333,119**	**871,060**	**$ -**	**$ -**
LIABILITIES				
Accounts payable	$ 352,623	$ 377,022	$ 7,506	$ 6,929
Accrued salaries and benefits	300,687	287,549	-	-
Deferred revenue	263,399	263,776	-	-
Commercial paper restated	237,086	207,809	-	-
Current portion of long-term debt	199,325	77,626	-	-
Funds held for others	-	-	227,244	215,937
Other current liabilities	121,595	128,871	4,655	5,128
Current liabilities	**1,474,715**	**1,342,653**	**239,405**	**227,994**
Federal refundable loans	63,095	56,923	-	-
Obligations under life income agreements	-	-	31,641	33,646
Long-term debt	3,117,943	3,148,998	-	-
Obligation to UCRP	2,407,281	1,748,019	-	-
Pension payable to UCOP	666,589	494,366	-	-
Obligation for retiree health benefits	2,277,115	2,030,689	-	-
Other noncurrent liabilities	220,556	195,331	-	-
Noncurrent liabilities	**8,752,579**	**7,674,326**	**31,641**	**33,646**
Total liabilities	**$ 10,227,294**	**$ 9,016,979**	**$ 271,046**	**$ 261,640**
DEFERRED INFLOW OF RESOURCES	**1,185,356**	**1,568,701**	**$ 1,428**	**$ -**
NET POSITION				
Invested in capital assets, net of related debt	**$ 2,807,653**	**$ 2,736,534**	**$ -**	**$ -**
Restricted:				
Nonexpendable:				
Endowments	258,533	247,900	948,788	868,783
Annuity and life income funds	76	40	12,964	24,003
Expendable:				
Endowments	511,642	486,635	255,720	237,750
Held in trust by others	-	-	-	-
Annuity and life income funds	377	455	17,254	17,332
Funds functioning as endowment	858,132	755,148	516,947	462,822
Endowment income	67,994	64,693	-	-
Grants and contracts	-	-	-	-
Gifts	211,682	214,329	573,268	572,431
Loans	38,598	38,079	-	-
Capital projects	(101,396)	(35,211)	-	-
Debt service	(4,152)	(6,289)	-	-
Appropriations	1,951	1,863	-	-
Other	4,062	3,500	3,594	2,681
Total restricted	**1,847,499**	**1,771,142**	**2,328,535**	**2,185,802**
Unrestricted (deficit)	**(2,611,972)**	**(2,528,087)**	**80,464**	**103,690**
Total net position	**$ 2,043,180**	**$ 1,979,589**	**$ 2,408,999**	**$ 2,289,492**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA, *LOS ANGELES*

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

At June 30, 2015 and 2014 *(dollars in thousands)*	CAMPUS		FOUNDATIONS	
	2015	2014	2015	2014
OPERATING REVENUES				
Student tuition and fees, net	$ 668,355	$ 653,012	$ -	$ -
Grants and contracts:				
Federal	584,471	558,592	-	-
State	52,738	46,621	-	-
Private	210,735	200,231	-	-
Local	60,892	51,815	-	-
Sales and services:				
Medical centers	2,162,899	1,901,030	-	-
Educational activities	1,262,847	1,058,023	-	-
Auxiliary enterprises, net	379,457	349,866	-	-
Private gifts	-	-	197,739	284,516
Other operating revenues, net	197,275	111,146	68	67
Total operating revenues	**5,579,669**	**4,930,336**	**197,807**	**284,583**
OPERATING EXPENSES				
Salaries and wages	3,050,242	2,825,923	-	-
UCRP benefits	348,849	326,695	-	-
Retiree health benefits	333,853	315,162	-	-
Benefits	620,392	573,312	-	-
Scholarships and fellowships	9,593	26,918	-	-
Utilities	53,364	54,869	-	-
Supplies and materials	674,222	627,811	-	-
Depreciation and amortization	347,899	333,971	-	-
Campus foundation grants	-	-	247,933	241,123
Other operating expenses	1,058,081	927,426	1,940	2,067
Total operating expenses	**6,496,495**	**6,012,087**	**249,873**	**243,190**
Operating income (loss)	**(916,826)**	**(1,081,751)**	**(52,066)**	**41,393**
NONOPERATING REVENUES (EXPENSES)				
State educational appropriations	457,944	452,302	-	-
State financing appropriations	40	47	-	-
Build America Bonds federal interest subsidies	10,305	10,214	-	-
State hospital fee grant	4,228	1,558	-	-
Federal Pell Grants	49,574	48,473	-	-
Private gifts	284,517	267,997	-	-
Investment income			25,463	44,349
Short Term Investment Pool	60,314	47,833	-	-
Endowment, net	12,619	-	-	-
Net appreciation in fair value of investments	105,079	402,356	75,659	158,386
Interest expense	(118,754)	(120,221)	-	-
Gain (loss) on disposal of capital assets, net	(6,651)	8,454	-	-
Other nonoperating revenues (expenses)	676	(5,632)	3,470	1,368
Net nonoperating revenues	**859,891**	**1,113,381**	**104,592**	**204,103**
Income gain (loss) before other changes in net position	**(56,935)**	**31,630**	**52,526**	**245,496**
OTHER CHANGES IN NET POSITION				
State capital appropriations	9,325	12,420	-	-
Capital gifts and grants	16,205	94,104	-	-
Permanent endowments	52,086	15,914	66,981	74,000
Transfers	42,910	241,946	-	-
Increase (decrease) in net assets	**63,591**	**396,014**	**119,507**	**319,496**
NET POSITION				
Beginning of year as previously reported	1,979,589	4,530,693	2,289,492	1,969,996
Cumulative effect of accounting change	-	(2,947,118)	-	-
Beginning of year restated	1,979,589	1,583,575	2,289,492	1,969,996
End of year	**$ 2,043,180**	**$ 1,979,589**	**$ 2,408,999**	**$ 2,289,492**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA, *LOS ANGELES*

TRANSFERS

At June 30, 2015 and 2014 ***(dollars in thousands)***

	2015	2014
Current (to)/from retirement of indebtedness	$ (7)	$ (47)
Current:		
Intrafund	-	-
Intercampus	50,350	69,796
Interfund	-	-
Net revenue of bonds and other indebtedness programs	-	-
Indirect cost recovery	-	-
Net adjustments	-	-
Unexpended plant	44,331	111,212
Retirement of indebtedness	(51,813)	49,525
Investment in plant:	-	-
Intrafund transfer assets	(83)	430
Intrafund transfer depreciation	-	(307)
Renewals and replacements	-	-
Loan	132	126
Indirect cost recovery	-	-
Total transfers	**$ 42,910**	**$ 230,735**

See accompanying Notes to Financial Statements.

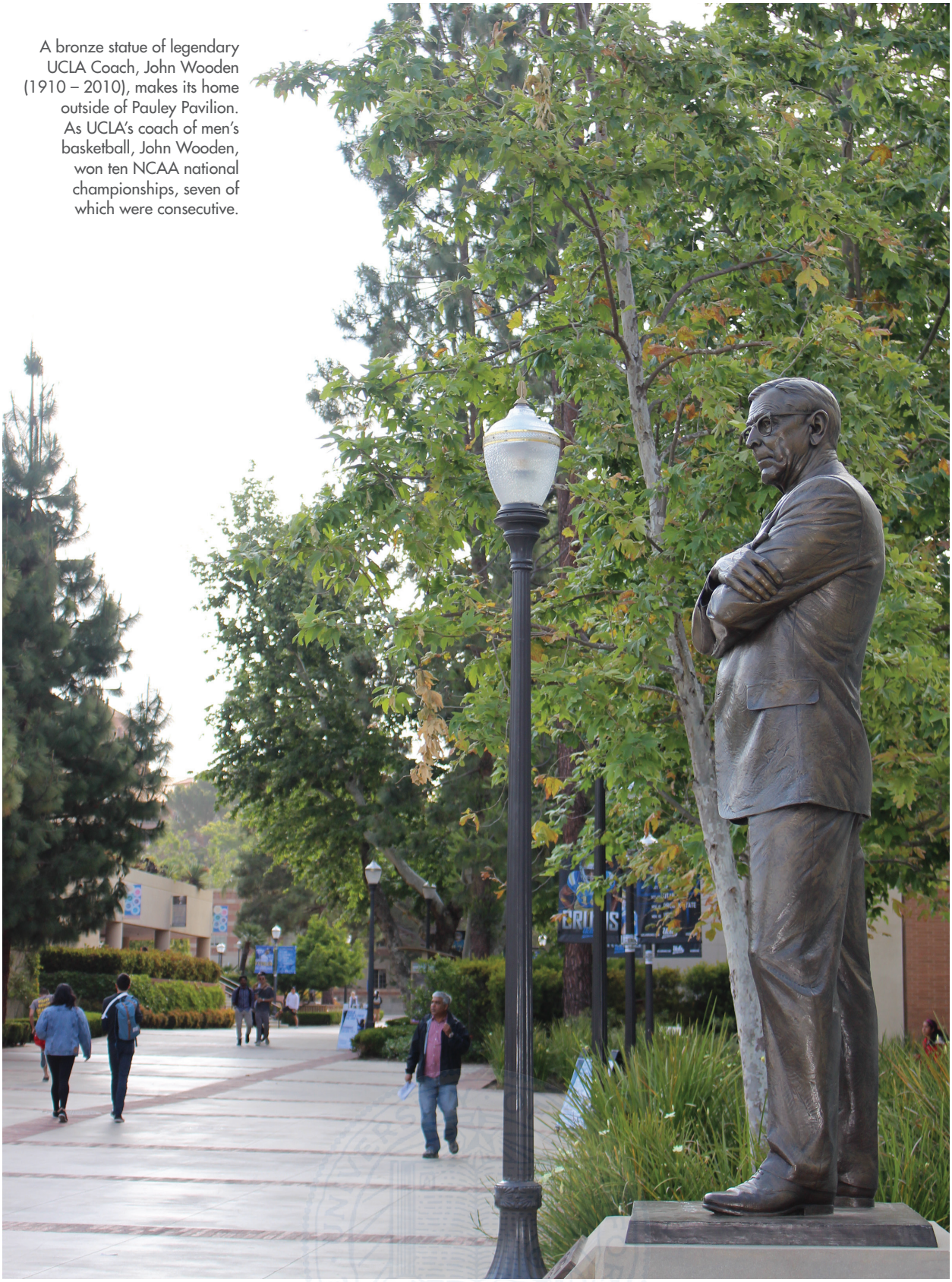
UNIVERSITY OF CALIFORNIA, *LOS ANGELES*

STATEMENT OF CASH FLOWS

At June 30, 2015 and 2014 *(dollars in thousands)*	CAMPUS		FOUNDATIONS	
	2015	2014	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Student tuition and fees, net	$ 671,864	$ 640,873	$ -	$ -
Grants and contracts	906,499	833,564	-	-
Receipts from sales and services of:				
Medical centers	2,177,628	1,953,107	-	-
Educational activities	1,259,606	1,070,726	-	-
Auxiliary enterprises, net	381,773	356,764	-	-
Collection of loans from students and employees	12,885	11,613	-	-
Private gifts	-	-	197,160	155,568
Payments to employees	(3,019,816)	(2,820,179)	-	-
Payments to UCRP	(330,063)	(304,007)	-	-
Payments for retiree health benefits	(60,742)	(68,605)	-	-
Payments for other employee benefits	(619,753)	(574,496)	-	-
Payments to suppliers and utilities	(1,740,525)	(1,551,371)	-	-
Payments for scholarships and fellowships	(9,593)	(26,918)	-	-
Loans issued to students and employees	(11,750)	(11,550)	-	-
Operating expenses and grants	-	-	(249,686)	(241,709)
Other receipts (payments)	137,606	76,014	(2,485)	(3,534)
Intercampus Transfers	(469)	(688)		
Transfers - intercampus	29,461	17,579	-	-
Net cash (used) by operating activities	**(215,389)**	**(397,574)**	**(55,011)**	**(89,675)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State educational appropriations	457,944	452,302	-	-
Federal Pell Grant	49,574	48,473	-	-
State hospital fee grant	4,228	1,558	-	-
Gifts received for other than capital purposes:				
Private gifts for endowment purposes	-	-	38,028	62,714
Other private gifts	281,580	263,990	-	-
Other receipts (payments)	(21,513)	8,785	-	-
Transfers - intercampus	61,596	63,554	-	-
Net cash provided by noncapital financing activities	**833,409**	**838,662**	**38,028**	**62,714**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Commercial paper financing				
Proceeds from issuance	101,616	145,021	-	-
Payments of principal	(72,339)	(129,183)	-	-
Interest paid	(311)	(280)	-	-
State capital appropriations	10,446	11,512	-	-
State financing appropriations	40	(7,403)	-	-
Build America Bonds federal interest subsidies	10,306	10,317	-	-
Capital gifts and grants	36,481	31,410	-	-
Proceeds from debt issuance	477,173	633,622	-	-
Proceeds from the sale of capital assets	-	13,035	-	-
Proceeds from Insurance Recoveries	10,000	-	-	-
Purchases of capital assets	(484,398)	(750,984)	-	-
Refinancing/prepayment of outstanding debt	(311,371)	(286,105)	-	-
Principal paid on debt and capital leases	(65,745)	(71,988)	-	-
Interest paid on debt and capital leases	(134,006)	(114,034)	-	-
Transfers	(60,488)	109,797	-	-
Net cash used by capital and related financing activities	**(482,596)**	**(405,263)**	**-**	**-**
CASH FLOWS FROM INVESTING ACTIVITIES				
Net (purchases)/proceeds from sales and maturities of investments	(53,822)	(163,993)	4,490	7,722
Investment income, net of investment expenses	60,314	47,833	13,986	19,735
Net cash provided (used) by investing activities	**6,492**	**(116,160)**	**18,476**	**27,457**
Net increase (decrease) in cash and cash equivalents	**141,916**	**(80,335)**	**1,493**	**496**
Cash and cash equivalents, beginning of year	771,119	851,454	2,605	2,109
Cash and cash equivalents, end of year	**$ 913,035**	**$ 771,119**	**$ 4,098**	**$ 2,605**

See accompanying Notes to Financial Statements.

A bronze statue of legendary UCLA Coach, John Wooden (1910 – 2010), makes its home outside of Pauley Pavilion. As UCLA's coach of men's basketball, John Wooden, won ten NCAA national championships, seven of which were consecutive.



Photograph, Yesenia Villalobos

ORGANIZATION

FINANCIAL REPORTING ENTITY

The University of California (the University) was founded in 1868 as a public, state-supported institution. The California State Constitution provides that the University shall be a public trust administered by the corporation "The Regents of the University of California," which is vested with full powers of organization and government, subject only to such legislative control necessary to ensure the security of its funds and compliance with certain statutory and administrative requirements. The majority of the 26-member independent governing board (The Regents) is appointed by the governor and approved by the state Senate. Various University programs and capital outlay projects are funded through appropriations from the state's annual Budget Act. The University's financial statements are discretely presented in the state's general purpose financial statements as a component unit.

The Los Angeles campus of the University of California (UCLA) was founded in 1919 and is financially the largest campus in the 10-campus University of California system. The financial statements included in this annual report present the combined activities of the Los Angeles campus, including the UCLA Medical Center. The University of California system is subjected to an annual audit of the consolidated financial statements, of which UCLA is a part. The financial statements for the Los Angeles campus have not been individually audited.

The Associated Students of UCLA (ASUCLA)'s financial data for the fiscal years ended June 30, 2015 and 2014 has been included in the financial statements in order to reflect total financial activity of the UCLA campus. ASUCLA conducts activities on the UCLA campus pursuant to the Statement of Understanding of ASUCLA's Relationship with the University, dated June 28, 1974.

The UCLA Foundation is a nonprofit, public-benefit corporation organized for the purpose of accepting and administering the full range of private contributions for the campus. The financial activities of the separately incorporated Foundation are not reflected within the campus' records until such time as gifts are transferred from the Foundation to the campus.

The Jonsson Cancer Center Foundation is a 501(c)3 organization established for the purpose of encouraging voluntary private gifts for the benefit of the Jonsson Comprehensive Cancer Center at UCLA. The financial activities of the separately incorporated Foundation are not reflected within the campus' records until such time as gifts are transferred from the Foundation to the campus.

In accordance with the statements of the Governmental Accounting Standards Board (GASB) detailed below, Foundation activity is disclosed on the UCLA financial statements in a separate column.

SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, using the economic resources measurement focus and the accrual basis of accounting. The University follows accounting principles issued by the Governmental Accounting Standards Board (GASB).

The significant accounting policies of UCLA are as follows:

Cash and cash equivalents. UCLA considers all balances in demand deposit accounts to be cash. UCLA classifies all other highly liquid cash equivalents with original maturities of less than one year as short-term investments.

Investments. Investments are recorded at fair value. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or utilizing an industry standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Certain securities may be valued on a basis of a price provided by a single source.

Investments also include private equities, absolute return funds and real estate. Private equities include venture capital partnerships, buyout and international funds. Fair values for interests in private equity, absolute value partnerships and real estate partnerships are based on valuations provided by the general partners of the respective partnerships. Interests in certain direct investments in real estate are estimated based upon independent appraisals. Because the private equity, real estate and absolute return partnerships, along with direct investments in real estate, are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would be used had a ready market for such investment existed.

Investments in registered investment companies are valued based upon the reported net asset value of those companies. Mortgage loans, held as investments, are valued on the basis of their future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Insurance contracts are valued at contract value, plus reinvested interest, which approximates fair value.

Investments denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign currency exchange rates. Purchases and sales of investments and their related income are translated at the rate of exchange on the respective transaction dates. Realized and unrealized gains and losses resulting from foreign currency changes are included in the University's statement of revenues, expenses and changes in net position.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date, and interest income is accrued as earned. Gifts of securities are recorded at estimated fair value at the date of donation.

Funds held by trustees. The University and campus foundations have been named the irrevocable beneficiary for charitable remainder trusts for which the University and campus foundations are not the trustee. Upon maturity of each trust, the remainder of the trust corpus will be transferred to the University or the campus foundation. These funds cannot be sold, disbursed or consumed until a specified number of years have passed or a specific event has occurred. The University and campus foundations are also an income beneficiary of certain trusts where the assets are invested and administered by outside trustees.

Consistent with the University's and campus foundations' recognition policy for pledges of endowment, receivables and contribution revenue associated with these trusts are not reflected in the accompanying financial statements. The University and campus foundations recognize contribution revenue when all eligibility requirements have been met.

Derivative financial instruments. Derivative instruments are recorded at fair value. Futures contracts, foreign currency exchange contracts, stock rights and warrants, options and swaptions are valued at the last sales price on the last day of the fiscal year, as quoted on a recognized exchange or utilizing an industry standard pricing service, when available. Financial institutions or independent advisors have estimated the fair value of the interest rate swaps and total return swaps using quoted market prices when available or discounted expected future net cash flows.

The University has entered into interest rate swap agreements to limit the exposure of its variable-rate debt to changes in market interest rates. Interest rate swap agreements involve the exchange with a counterparty of fixed- and variable-rate interest payments periodically over the life of the agreement without exchange of the underlying notional principal amounts. The net differential to be paid or received is recognized over the life of the agreements as an adjustment to interest expense. The University's counterparties are major financial institutions.

Derivatives are recorded at fair value as either assets or liabilities in the statement of net position. Certain derivatives are determined to be hedging derivatives and designated as either a fair value or cash flow hedge. Under hedge accounting, changes in the fair value of hedging derivatives are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

Changes in fair value of derivatives that are not hedging derivatives are recorded as net appreciation or depreciation of investments in the statement of revenues, expenses and changes in net position.

Accounts receivable, net. Accounts receivable, net of allowance for uncollectible amounts, includes reimbursements due from state and federal sponsors of externally funded research, patient billings, accrued income on investments and other receivables. Other receivables include local government and private grants and contracts, educational activities and amounts due from students, employees and faculty for services.

Pledges receivable, net. Unconditional pledges of private gifts to UCLA or the Foundation, net of allowance for uncollectible amounts, are recorded as pledges receivable and revenue in the year promised

at the present value of expected cash flows. Conditional pledges, including pledges of endowments and intentions to pledge, are recognized as receivables and revenues when the specified conditions are met. Receivables and contribution revenue associated with externally held investment trusts are not reflected in the accompanying financial statements. The University recognizes contribution revenue when all eligibility requirements have been met.

Notes and mortgages receivable, net. Loans to students, net of allowance for uncollectible amounts, are provided from federal student loan programs and from other University sources. Home mortgage loans, primarily to faculty, are provided from the University's Short Term Investment Pool and from other University sources. Mortgage loans provided by the Short Term Investment Pool are classified as investments, and loans provided by other sources are classified as mortgages receivable in the statement of net position.

Inventories. Inventories for the campus, consisting primarily of supplies and merchandise for resale, are valued at cost, typically determined under the weighted average method, which is not in excess of estimated net realizable value. Inventories for the medical centers consist primarily of pharmaceuticals and medical supplies which are stated on a first-in, first-out basis at the lower of cost or market.

Capital assets, net. Land, infrastructure, buildings and improvements, intangible assets, equipment, libraries, collections and special collections are recorded at cost at the date of acquisition, or estimated fair value at the date of donation in the case of gifts. Estimates of fair value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual value. Intangible assets include easements, land rights, trademarks, patents, and other similar arrangements. Capital leases are recorded at the estimated present value of future minimum lease payments. Significant additions, replacements, major repairs and renovations to infrastructure and buildings are generally capitalized if the cost exceeds $35,000 and if they have a useful life of more than one year. Minor renovations are charged to operations. Equipment with a cost in excess of $5,000 and a useful life of more than one year is capitalized. Incremental costs, including salaries and employee benefits, directly related to the acquisition, development, and installation of major software projects, are included in the cost of the capital assets. All costs of land, library collections, and special collections are capitalized.

Depreciation is calculated using the straight-line method over the estimated economic life of the asset. Equipment under capital leases is amortized over the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the applicable lease or the economic life of the asset.

Estimated economic lives are generally as follows:

Infrastructure	25 years
Buildings and improvements	15–33 years
Equipment	2–20 years
Computer software	3–7 years
Intangible assets	2–indefinite
Library books and collectibles	15 years

Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are also capitalized and depreciated.

Inexhaustible capital assets - such as land or special collections that are protected, preserved and held for public exhibition, education or research, including art, museum, scientific and rare book collections - are not depreciated.

Interest on borrowings to finance facilities is capitalized during construction, net of any investment income earned on tax-exempt borrowings during the temporary investment of project-related borrowings.

Unearned revenue. Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees for housing and dining services.

Funds held for others. Funds held for others result from the Foundations acting as an agent, or fiduciary, on behalf of organizations that are not significant or financially accountable to the Foundations.

Federal refundable loans. Certain loans to students are administered by UCLA with funding primarily supported by the federal government. UCLA's statement of net position includes both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

Bond premium. The premium received in the issuance of long-term debt is amortized as a reduction to interest expense over the term of the related long-term debt.

Self-insurance programs. The University is self-insured or insured through a wholly owned captive insurance company for medical malpractice, workers' compensation, employee health care and general liability claims. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by an independent insurer. Liabilities are recorded on when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments. Settlements did not exceed insurance coverage for each of the past three fiscal years.

Obligations under life income agreements. Obligations under life income agreements represent trusts with living income beneficiaries where UCLA has a residual interest. The investments associated with these agreements are recorded at fair value. The discounted present value of any income beneficiary interest is reported as a liability in the statement of net position. Gifts subject to such agreements are recorded as revenue, net of the income beneficiary share, at the date of the gift. Actuarial gains and losses are included in other nonoperating income (expense) in the statement of revenues, expenses and changes in net position. Resources that are expendable upon maturity are classified as restricted, expendable net position; all others are classified as restricted, nonexpendable net position.

Pollution remediation obligations. Upon an obligating event, UCLA estimates the components of any expected pollution remediation costs and recoveries from third parties. The costs, estimated using the expected cash flow technique, are accrued as a liability. Pollution remediation liabilities generally involve groundwater, soil and sediment contamination at certain sites where state and other regulatory agencies have indicated that UCLA is among the responsible parties. The liabilities are revalued annually and may increase or decrease the cost of recovery from third parties, if any, as a result of additional information that refines the estimates, or from payments made from revenue sources that support the activity. There were no expected recoveries at June 30, 2015 reducing the pollution remediation liability.

Deferred outflows of resources and deferred inflows of resources. The University classifies gains on retirement of debt as deferred inflows on resources and losses as deferred outflows of resources and amortizes such amounts as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter.

The University classifies an increase in the fair value of the hedging derivatives as deferred inflows of resources, and a decrease as deferred outflows of resources. Payments received or to be received by the University from service concession arrangements are reported as deferred inflows of resources.

Changes in net position liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

Net position. Net position is required to be classified for accounting and reporting purposes into the following categories:

Net investment in capital assets. This category includes all of UCLA's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted. UCLA and the foundations classify the net position resulting from transactions with purpose restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact.

> ***Nonexpendable.*** The net position subject to externally imposed restrictions, which must be retained in perpetuity by UCLA or the foundations, is classified as nonexpendable net position. This includes UCLA's and the foundations' permanent endowed funds.
>
> ***Expendable.*** The net position whose use by UCLA or the foundations is subject to externally imposed restrictions that can be fulfilled by actions of UCLA or the foundations pursuant to those restrictions, or that expire by the passage of time, are classified as expendable net position.

Unrestricted. The net position that is not subject to externally imposed restrictions governing their use is classified as unrestricted net position. UCLA's unrestricted net position may be designated for specific purposes by management or The Regents. The foundations' unrestricted net position may be designated for specific purposes by their Board of Trustees. Substantially, all of UCLA's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs or for other purposes.

Expenses are charged to either restricted or unrestricted net position based upon a variety of factors, including consideration of prior and future revenue sources, the type of expense incurred, UCLA's budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost.

Revenues and expenses. Operating revenues of UCLA include receipts from student tuition and fees, grants and contracts for specific operating activities, and sales and services from medical centers, educational activities and auxiliary enterprises. Operating expenses incurred in conducting the programs and services of UCLA are presented in the statement of revenues, expenses and changes in net position as operating activities.

Certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of UCLA are mandated by the GASB to be recorded as nonoperating revenues, including state educational appropriations, certain federal grants for student financial aid, private gifts and investment income, since the GASB does not consider them to be related to the principal operating activities of UCLA.

The foundations are established to financially support UCLA. Private gifts to the foundations are recognized as operating revenues since, in contrast to UCLA, such contributions are fundamental to the core mission of the foundations. Foundation grants to UCLA are recognized as operating expenses by the foundations. Private-gift or capital-gift revenues associated with the foundation grants to UCLA are recorded by UCLA as gifts when the foundations transfer the gifts to UCLA.

Nonoperating revenues and expenses include state educational appropriations, state financing appropriations, state hospital fee grants, Build America Bonds federal interest subsidies, Federal Pell Grants, private gifts for other than capital purposes, investment income, net appreciation in the fair value of investments, interest expense and gain or loss on the disposal of capital assets.

State capital appropriations, capital gifts and grants, and gifts for endowment purposes are classified as other changes in net position.

Student tuition and fees. Substantially, all of the student tuition and fees provide for current operations of UCLA. A small portion of the student fees, reported as capital gifts and grants, is required for debt service associated with student union and recreational centers.

UCLA recognizes scholarship allowances as the difference between the stated charge for tuition and fees, housing and dining charges, recreational center and other fees, and the amount that is paid by the student and third parties on behalf of the student. Payments of financial aid made directly to students are classified as scholarship and fellowship expenses.

Scholarship allowances are netted against student tuition and fees in the statement of revenues, expenses and changes in net position for the years ended June 30 as follows:

(dollars in thousands) **Scholarship Allowance**	**2015**	**2014**
Student tuition and fees	$ 293,605	$ 260,158
Sales and services auxiliary enterprises	56,021	50,507
Total	$ 349,626	$ 310,665

State appropriations. The State of California provides appropriations to the University on an annual basis. State educational appropriations are recognized as nonoperating revenue; however, the related expenses for educational or other specific operating purposes are reported as operating expenses. State financing appropriations provide for principal and interest payments associated with lease-purchase agreements with the State Public Works Board and are also reported as nonoperating revenue. State appropriations for capital projects are recorded as revenue under other changes in net position when the related expenditures are incurred. Special state appropriations for AIDS, tobacco and breast cancer research are reported as grant operating revenue.

Grant and contract revenue. UCLA receives grant and contract revenue from governmental and private sources. UCLA recognizes revenue associated with the direct costs of sponsored programs as the related expenditures are incurred. Recovery of facilities and administrative costs of federally sponsored programs is at cost reimbursement rates negotiated with UCLA's federal cognizant agency, the U.S. Department of Health and Human Services. For the year ended June 30, 2015, the facilities and administrative cost recovery totaled $182 million, $135 million from federally sponsored programs and $47 million from other sponsors. For the year ended June 30, 2014, the facilities and administrative cost recovery totaled $174 million, $131 million from federally sponsored programs and $43 million from other sponsors.

Medical center revenue. Medical center revenue is reported at the estimated net realizable amounts from patients and third-party payors, including Medicare, Medi-Cal and others, for services rendered, as well as estimated retroactive adjustments under reimbursement agreements with third-party payors. Laws and regulations governing Medicare and Medi-Cal are complex and subject to interpretation. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is reasonably possible that estimated amounts accrued could change significantly based upon settlement, or as additional information becomes available.

Pension obligations. UCLA records pension obligations equal to the net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the defined benefit plans has been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt high-quality municipal bond rate when plan assets are not available.

Pension expense is recognized for benefits earned during the period, interest on unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows and outflows, and are recognized over five years.

Retiree health benefits and obligations for retiree health benefits. UCLA's cost for campus and medical center retiree health benefits expense is based upon the annual required contribution to the retiree health plan, as actuarially determined. UCLA's contributions toward retiree health benefits, at rates determined by the University, are made to UCRHBT and reduce the obligation for retiree health benefits in the statement of net position.

Campus and medical center contributions toward health costs made to UCRHBT are shown as activities in the statement of cash flows. Cash flows resulting from retiree health contributions from retirees are shown as noncapital financing activities in the statement of cash flows.

Compensated absences. UCLA accrues annual leave, including employer-related costs, for employees at rates based upon length of service and job classification, and compensatory time based upon job classification and hours worked.

Endowment spending. Under provisions of California law, the Uniform Prudent Management of Institutional Funds Act allows for investment income, as well as a portion of realized and unrealized gains, to be expended for the operational requirements of UCLA programs.

Tax exemption. The University is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). Because the University is a state institution, related income received by the University is also exempt from federal tax under IRC Section 115(a). In addition, the University is exempt from state income taxes imposed under the California Revenue and Taxation Code. The UCLA Foundation, the Jonsson Cancer Center Foundation and ASUCLA are exempt under Section 501(c)(3).

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made, and actual amounts could differ from those estimates.

Reclassifications. Certain reclassifications have been made to the 2014 financial information to conform to the 2015 financial statement presentation.

New accounting pronouncements. In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for the University's fiscal year beginning July 15, 2015. This Statement establishes standards for accounting and financial reporting for fair value measurements. The Statement requires investments to be measured at fair value and permits the use of net asset value as the fair value when an investment does not have a readily determinable fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Statement No. 72 also requires certain disclosures related to all fair value measurements. The University is evaluating the effect that Statement No. 72 will have on its financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That AreNot Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for the University's fiscal year beginning July 1, 2015. This Statement establishes requirements for those pensions and pension plans that were not covered by Statements 67 and 68, specifically those not administered through a trust meeting specified criteria. The University is evaluating the effect that Statement 73 will have on its financial statements.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the University's fiscal year beginning July 1, 2016. This Statement addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires note disclosures and required supplementary information (RSI) related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Additionally, Statement 74 sets forth note disclosure requirements for defined contribution OPEB plans. Statement 74 will affect the information presented in the footnotes to the financial statements and required supplementary information for UCRHBT. The University is evaluating the effect that Statement 74 will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the University's fiscal year beginning July 1, 2017. This Statement revises existing standards for measuring and reporting retiree health benefits provided by the University to its employees. This Statement requires recognition of a liability equal to the net retiree health benefit liability, which is measured as the total retiree health benefit liability, less the amount of the UCRHBT's fiduciary net position. The total retiree health benefit liability is determined based upon discounting projected benefit payments based on claims costs, the benefit terms and legal agreements existing at the UCRHBT's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. The Statement requires that most changes in the net retiree health benefit liability be included in retiree health benefit expense in the period of change. As of June 30, 2015, the University reported a retiree health benefit obligation of $9.4 billion. Under Statement No. 75, the Uni-

versity's OPEB obligation is expected to increase. The University is evaluating the effect that Statement 75 will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the University's fiscal year beginning July 1, 2015. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The University is evaluating the effect that Statement 76 will have on its financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures,* effective for the University's fiscal year beginning July 1, 2016. This Statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments that reduce the reporting government's tax revenues. The purpose of this Statement is to increase transparency in regards to tax abatements governments enter into and make the impact of these agreements more apparent to users of the financial statements. The University is evaluating the effect that Statement 77 will have on its financial statements.

1. CASH AND CASH EQUIVALENTS

UCLA cash and cash equivalents are maintained centrally and managed by the University of California. Bank accounts used by UCLA are zero balance accounts where balances are subject to a daily sweep into the central University of California management system. UCLA financial statements reflect deposits in transit except for amounts maintained by component unit ASUCLA. Cash amounts were $26 million and $19 million, respectively, at June 30, 2015 and 2014. UCLA deposits in transit at June 30, 2015 and 2014 were $16 million and $9 million, respectively, while ASUCLA cash and cash equivalents were $10 million for both years ended June 30, 2015 and 2014, respectively. UCLA does not have significant exposure to foreign currency risk in its cash and cash equivalents.

The carrying amount of the campus foundations' cash and cash equivalents at June 30, 2015 and 2014 was $4 million and $3 million, respectively, compared at June 30, 2015 and 2014 of bank balances of approximately $3 million and $2 million, respectively. The differences, if any, between the cash and cash equivalents compared to bank balances is due to deposits in transit. Bank balances for the campus foundations at June 30, 2015 and 2014 were approximately $1 million and less than $1 million, respectively, in excess of the FDIC limits. The foundations do not have exposure to foreign currency risk in their cash and cash equivalents.

2. INVESTMENTS

The Regents, as the governing Board, is responsible for the oversight of the University's investments and establishes investment policy, which is carried out by the Chief Investment Officer. These investments are associated with the Short Term Investment Pool (STIP), Total Return Investment Pool (TRIP), General Endowment Pool (GEP), and other investment pools managed by the Chief Investment Officer, or are separately invested. Pursuant to The Regents' policies on campus foundations, the Board of Trustees for each campus foundation may determine that all or a portion of their investments will be managed by the Chief Investment Officer. Asset allocation guidelines are provided to the campus foundations by the Investment Committee of The Regents.

STIP allows participants to maximize the returns on their short-term cash balances by taking advantage of the economies of scale of investing in a large pool with a broad range of maturities and is managed to maximize current earned income. Cash to provide for payroll, construction expenditures and other operating expenses for campuses and medical centers is invested in STIP. The available cash in endowment investment pools awaiting investment, or cash for administrative expenses, is also invested in STIP.

Investments authorized by The Regents for STIP include fixed-income securities with a maximum maturity of five and one-half years. In addition, for STIP, The Regents has also authorized loans, primarily to faculty members residing in California, under the University's Mortgage Origination Program with terms up to 40 years.

TRIP allows participant campuses the opportunity to maximize the return on their long-term working capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP is managed to a total return objective and is intended to supplement STIP. Investments authorized by The Regents for TRIP include a diversified portfolio of equity and fixed-income securities.

GEP is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. GEP is a balanced portfolio and the primary investment vehicle for endowed gift funds. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements.

Other investment pools primarily facilitate annuity and life income arrangements. Separate investments are those that cannot be pooled due to investment restrictions or income requirements.

Investments authorized by The Regents for GEP, other investment pools and separate investments include equity securities, fixed-income securities and certain other asset classes. The equity portion of the investment portfolios include both domestic and foreign common and preferred stocks which may be included in actively or passively managed strategies, along with a modest exposure to private equities. The University's investment portfolios may include foreign currency denominated equity securities. The fixed-income portion of the investment portfolios may include both domestic and foreign securities, along with certain securitized investments, including mortgage-backed and asset-backed securities. Fixed-income investment guidelines permit the use of futures and options on fixed-income instruments in the ongoing management of the portfolios. Real estate investments are authorized for GEP. Absolute return strategies, which may incorporate short sales, plus derivative positions to implement or hedge an investment position, are also authorized for GEP.

Derivative instruments, including futures, forward contracts, options and swap contracts, are authorized for portfolio rebalancing in accordance with The Regents' asset allocation policy and as substitutes for physical securities. Derivatives are not used for speculative purposes.

More detail about the University of California's investments, securities lending, derivative financial instruments and investments held by trustees can be found in the audited Annual Report.

3. ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for uncollectible amounts at June 30, 2015 and 2014 are as follows:

	UCLA				UCLA FOUNDATIONS
(dollars in thousands)	STATE & FEDERAL GOVERNMENT	MEDICAL CENTERS	OTHER	TOTAL	
At June 30, 2015					
Accounts receivable	$ 115,578	$ 400,822	$ 316,344	$ 832,744	$ 51,323
Allowance for uncollectible amounts	(328)	(60,616)	(15,225)	(76,169)	-
Accounts receivable, net	$ 115,250	$ 340,206	$ 301,119	$ 756,575	$ 51,323
At June 30, 2014					
Accounts receivable	$ 124,078	$ 427,015	$ 298,294	$ 849,387	$ 7,501
Allowance for uncollectible amounts	(330)	(72,080)	(15,268)	(87,678)	
Accounts receivable, net	$ 123,748	$ 354,935	$ 283,026	$ 761,709	$ 7,501

Other accounts receivable are primarily related to investment sales, tuition and fees, auxiliary enterprises, insurance rebates and legal settlements.

The foundations' accounts receivable are primarily related to invested income.

The expense for uncollectible accounts has either increased (decreased) the following revenues for the years ended June 30:

4. PLEDGES RECEIVABLE

(dollars in thousands)	2015	2014
Student tuition and fees	4	(123)
Grants and contracts:		
Federal	2	-
Private	10	-
Local	20	-
Medical centers	(28,422)	(39,400)
Educational activities	(1,633)	(1,720)
Auxiliary enterprises	(2)	(35)
Other operating revenues	(207)	(36)
Expense for uncollectible accounts	(30,228)	(41,314)

The composition of pledges receivable at June 30, 2015 and 2014 is summarized as follows:

	UCLA		UCLA FOUNDATIONS	
(dollars in thousands)	**2015**	**2014**	**2015**	**2014**
Total pledges receivable, outstanding	$ 21,719	$ 17,878	$ 563,083	$ 554,454
Less: Unamortized discount to present value	(306)	(223)	(88,135)	(52,947)
Allowance for uncollectible pledges	(3,540)	(2,719)	(28,016)	(46,082)
Total pledges receivable, net	17,873	14,936	446,932	455,425
Less: Current portion of pledges receivable	(8,399)	(7,562)	(76,539)	(110,532)
Noncurrent portion of pledges receivable	$ 9,474	$ 7,374	$ 370,393	$ 344,893

Future receipts under pledge agreements for each of the five fiscal yea :quent to June 30, 2015 and thereafter are as follows:

(dollars in thousands)	UCLA	UCLA FOUNDATIONS
at June 30		
2016	$ 10,261	$ 99,711
2017	3,236	47,630
2018	3,636	39,384
2019	1,836	40,519
2020	1,500	47,738
2021–2025	1,250	115,727
Beyond 2025	-	172,373
Total payments on pledges receivable	$ 21,719	$ 563,082

Adjustments to the allowance for uncollectible pledges for UCLA have increased (decreased) the following revenues for the years ended June 30, 2015 and 2014

	UCLA	
(dollars in thousands)	**2015**	**2014**
Private gifts	$ 821	$ (90)

5. NOTES AND MORTGAGES RECEIVABLE

Notes and mortgages receivable at June 30, 2015 and 2014, along with allowances for uncollectible amounts, are as follows:

(dollars in thousands)	CURRENT	NONCURRENT NOTES	NONCURRENT MORTGAGES	TOTAL
At June 30, 2015				
Notes and mortgages receivable	$ 7,716	$ 68,123	$ 11,627	$ 87,466
Allowance for uncollectible amounts	(762)	(2,885)	(123)	$ (3,770)
Notes and mortgages receivable, net	$ 6,954	$ 65,238	$ 11,504	$ 83,696
At June 30, 2014				
Notes and mortgages receivable	$ 7,706	$ 67,590	$ 11,899	$ 87,195
Allowance for uncollectible amounts	(595)	(2,100)	(126)	(2,821)
Notes and mortgages receivable, net	$ 7,111	$ 65,490	$ 11,773	$ 84,374

6. CAPITAL ASSETS, NET

UCLA's capital asset activity for the years ended June 30, 2015 and 2014 is as follows:

(dollars in thousands)	2013	ADDITIONS	DISPOSALS	2014	ADDITIONS	DISPOSALS	2015
Original Cost							
Land	$ 147,120	$ 3,356	$ (4,230)	$ 146,246	$ -	$ -	$ 146,246
Infrastructure	7,385	-	-	7,385	-	-	7,385
Buildings and improvements	6,149,568	331,325	(161)	6,480,732	593,137	(3,250)	7,070,619
Equipment	1,132,874	59,332	(33,367)	1,158,839	87,936	(65,919)	1,180,856
Intangible assets	195,355	64,681	(1,088)	258,948	18,674	(15,819)	261,803
Libraries and collections	642,622	30,934	(1,872)	671,684	31,397	1,064	704,145
Special collections	90,375	16,966	-	107,341	4,378	(315)	111,404
Construction in progress	465,047	142,477	-	607,524	(242,675)	-	364,849
Capital assets, at original cost	$ 8,830,346	$ 649,071	$ (40,718)	$ 9,438,699	$ 492,847	$ (84,239)	$ 9,847,307

	2013	DEPRECIATION AND AMORTIZATION	DISPOSALS	2014	DEPRECIATION AND AMORTIZATION	DISPOSALS	2015
Accumulated Depreciation and Amortization							
Infrastructure	$ 6,198	$ 121	$ -	$ 6,319	$ 121	$ -	$ 6,440
Buildings and improvements	2,273,899	194,682	(9)	2,468,572	200,181	(799)	2,667,954
Equipment	634,894	85,809	(31,692)	689,011	89,631	(62,084)	716,558
Intangible assets	25,505	30,106	(124)	55,487	33,903	(9,135)	80,255
Libraries and collections	442,116	23,255	(3,103)	462,268	24,062	(1,446)	484,884
Accumulated depreciation and amortization	$ 3,382,612	$ 333,973	$ (34,928)	$ 3,681,657	$ 347,898	$ (73,464)	$ 3,956,091
Capital assets, net	$ 5,447,734			$ 5,757,042			$ 5,891,216

7. DEBT

The University directly finances the construction, renovation and acquisition of facilities and equipment, or for such other purposes as are authorized by The Regents, through the issuance of debt obligations. Commercial paper and bank loans provide for interim financing. Long-term financing includes revenue bonds, capital lease obligations, and other borrowings.

UCLA's outstanding debt at June 30 is as follows:

(dollars in thousands)	WEIGHTED AVERAGE INTEREST RATE	INTEREST RATE RANGES	MATURITY YEARS	2015
Interim Financing:				
Commercial paper		0.1–0.2%	2015	$ 237,086
Long-term Financing:				
University of California General Revenue Bonds				
Fixed Rate	4.8%	0.5–7.6%	2016–2112	1,335,643
Variable Rate	0.3%	0.1–0.7%	2037–2048	192,945
University of California Limited Project Revenue Bonds	4.9%	0.6–6.3%	2016–2050	781,082
University of California Medical Center				
Pooled Revenue Bonds				
Fixed Rate	5.7%	3.0–6.6%	2016–2049	603,184
Variable Rate	0.6%	0.0–1.0%	2016–2047	61,761
University of California Medical Center Revenue Bonds	5.1%	5.0–5.5%	2016–2039	44,970
Unamortized bond premium				153,565
University of California Revenue Bonds	**4.5%**			**3,173,150**
Capital lease obligations		0.0–7.8%	2015–2042	67,104
Other University borrowings		Various	2015–2049	77,014
Total outstanding debt				**$ 3,554,354**
Less: Commercial paper				(237,086)
Current portion of outstanding debt				(199,325)
Noncurrent portion of outstanding debt				**$ 3,117,943**

Interest expense associated with financing projects during construction, net of any investment income earned on tax-exempt bond proceeds during construction, is capitalized. Total interest expense during the years ended June 30, 2015 and 2014 was $122 million and $130 million, respectively. Interest expense, net of investment income, totaling $3 million and $10 million, was capitalized during the years ended June 30, 2015 and 2014, respectively. The remaining $119 million and $120 million in 2015 and 2014, respectively, is reported as interest expense in the statement of revenues, expenses and changes in net position.

Outstanding Debt Activity

The activity with respect to UCLA's current and noncurrent debt for the years ended June 30 is as follows:

(dollars in thousands)	REVENUE BONDS	CAPITAL LEASE OBLIGATIONS	OTHER BORROWINGS	TOTAL
Year ended June 30, 2015				
Long-term debt and capital leases at June 30, 2014	$ 3,105,838	$ 69,564	$ 51,222	$ 3,226,624
New obligations	401,780	746	28,328	430,854
Bond premium	46,319	-	-	46,319
Refinance or prepayment of outstanding debt	(308,835)		-	(308,835)
Scheduled principal payments	(62,539)	(3,206)	(2,536)	(68,281)
Amortization of bond premium	(9,413)	-	-	(9,413)
Long-term debt and capital leases at June 30, 2015	**3,173,150**	**67,104**	**77,014**	**3,317,268**
Less: Current portion	(194,467)	(2,205)	(2,653)	(199,325)
Noncurrent portion at June 30, 2015	**$ 2,978,683**	**$ 64,899**	**$ 74,361**	**$ 3,117,943**
Year ended June 30, 2014				
Long-term debt and capital leases at June 30, 2013	$ 2,669,722	$ 424,172	$ 39,576	$ 3,133,470
New obligations	504,221	-	14,025	518,246
Bond premium	26,173	-	-	26,173
Refinance or prepayment of outstanding debt	(28,295)	(349,525)	-	(377,820)
Scheduled principal payments	(57,734)	(5,083)	(2,379)	(65,196)
Amortization of bond premium	(8,249)	-	-	(8,249)
Long-term debt and capital leases at June 30, 2014	**3,105,838**	**69,564**	**51,222**	**3,226,624**
Less: Current portion	(71,151)	(3,939)	(2,536)	(77,626)
Noncurrent portion at June 30, 2014	**$ 3,034,687**	**$ 65,625**	**$ 48,686**	**$ 3,148,998**

Commercial Paper

The University has available a $2.0 billion commercial paper program, issued in two series, with tax-exempt and taxable components. Commercial paper may be issued for interim/permanent financing for capital projects, interim financing of equipment, financing of working capital for the medical centers and other working capital needs, standby or interim financing for gift financed projects, and working capital for the University.

The program's liquidity is supported by available investments in STIP and TRIP. Commercial paper is collateralized by a pledge of the revenues derived from the ownership or operation of the projects financed and constitutes limited obligations of the University. There is no encumbrance, mortgage or other pledge of property securing commercial paper, and the paper does not constitute general obligations of the University.

Commercial paper outstanding for UCLA, including interest rates, at June 30 is as follows:

	2015		2014	
(dollars in thousands)	INTEREST RATES	OUTSTANDING	INTEREST RATES	OUTSTANDING
Taxable	0.08–0.19%	237,086	0.08–0.2%	207,809
Total Outstanding		$ 237,086		$ 207,809

The expectation is that the University will continue to utilize available investments for liquidity support for the commercial paper program. Alternatively, the University may utilize lines of credit from external banks for the purpose of providing additional liquidity support for the commercial paper program. As of June 30, 2015, the University has two revolving credit agreements totaling $700 million. There were no borrowings against the revolving credit lines as of June 30, 2015 and 2014.

University of California Revenue Bonds

Revenue bonds have financed various auxiliary, administrative, academic, medical center and research facilities of the University. They generally have annual principal and semiannual or monthly interest payments; serial and term maturities; contain sinking fund requirements; and may have optional redemption provisions. Revenue bonds are not collateralized by any encumbrance, mortgage or other pledge of property, except pledged revenues, and do not constitute general obligations of The Regents. Revenue Bond Indentures require the University to use the facilities in a way that will not cause the interest on the tax-exempt bonds to be included in the gross income of the bondholders for federal tax purposes.

General Revenue Bonds are collateralized solely by General Revenues as defined in the Indenture. General Revenues are certain operating and nonoperating revenues of the University consisting of gross student tuition and fees; facilities and administrative cost recovery from contracts and grants; revenues from educational, auxiliary and other activities; and other revenues, including unrestricted investment income. The General Revenue Bond Indenture requires the University to set rates, charges and fees each year sufficient for General Revenues to pay for the annual principal and interest on the bonds and certain other financial covenants. General Revenues, as defined in the Indenture, have been amended to include certain state appropriations as to secure payment of the General Revenue Bonds. UCLA General Revenues were $3.1 billion and $2.7 billion for June 30, 2015 and 2014, respectively. The pledge of General Revenues for interest rate swap agreements is on a parity basis with the University's General Revenue Bonds.

Limited Project Revenue Bonds are issued to finance auxiliary enterprises and are collateralized by a pledge consisting of the sum of the gross revenues of the specific projects. The Indenture requires the University to achieve the sum of gross project revenues equal to 1.1 times debt service and maintain certain other financial covenants. UCLA pledged revenues for the years ended June 30, 2015 and 2014 were $427 million and $258 million, respectively.

Medical Center Pooled Revenue Bonds are issued to finance the University's medical center facilities and are collateralized by a joint and several pledges of the gross revenues of all five of the University's

medical centers. Medical center gross revenues are excluded from General Revenues. The Medical Center Pooled Revenue Bond Indenture requires the medical centers to set rates, charges and fees each year sufficient for the medical center gross revenues to pay for the annual principal and interest on the bonds and certain other financial covenants. Pledged revenues of the medical centers for the years ended June 30, 2015 and 2014 were $9.7 billion and $8.6 billion, respectively. Gross revenues for the UCLA medical centers for years ended June 30, 2015 and 2014 were $2.3 billion and $2.0 billion, respectively.

Medical Center Revenue Bonds have also financed certain facilities of UCLA's medical center and are collateralized by a pledge of the specific gross revenues associated with the medical center. The Medical Center Revenue Bond Indenture requires one medical center to achieve debt service coverage of 1.1 times, set limitations on encumbrances, indebtedness, disposition of assets and transfer services, and maintain certain other financial covenants.

The pledge of revenues under Limited Project Revenue Bonds is subordinate to the pledge of revenues associated with General Revenue Bonds, but senior to pledges under commercial paper agreements or bank loans.

Medical center gross revenues are pledged under the Indentures for the Medical Center Pooled Revenue Bonds and the UCLA Medical Center Revenue Bonds and certain interest rate swap agreements. The pledge of medical center revenues under Medical Center Pooled Revenue Bonds is subordinate to the specific Medical Center Revenue Bonds.

The pledge of medical center revenues for interest-rate-swap agreements may be at parity with, or subordinate to, specific Medical Center Revenue Bonds and Medical Center Pooled Revenue Bonds.

All indentures permit the University to issue additional bonds as long as certain conditions are met.

2015 Activity

In March 2015, General Revenue Bonds totaling $119.4 million, including $92.5 million of taxable bonds and $26.9 million of tax-exempt bonds, were issued to finance or refinance certain facilities and projects of the University. The bonds mature at various dates through 2045. Proceeds, including a bond premium of $30.6 million, were used to pay for project construction and issuance costs and to refund $308.8 million of outstanding General Revenue Bonds. The taxable bonds have a stated weighted average interest rate of 3.8 percent. The tax-exempt bonds have a stated weighted average interest rate of 4.6 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds. The refunding resulted in a loss of $23.4 million, recorded as a deferred outflow of resources, that will be amortized as interest expense over the remaining life of the refunded bonds. The refinancing and refunding of previously outstanding General Revenue Bonds resulted in cash flow savings of $44.7 million and an economic gain of $37.2 million.

In March 2015, Limited Project Revenue Bonds totaling $282.3 million, including $63.6 million of taxable bonds and $218.7 million of tax-exempt bonds, were issued to finance or refinance the acquisition, construction, improvement and renovation of certain athletic, parking, recreational, dining and student and faculty housing facilities of the University. The bonds mature at various dates through

2050. Proceeds, including a bond premium of $15.7 million, were used to pay for project construction and issuance costs and refund $236.5 million of outstanding General Revenue Bonds and Limited Project Revenue Bonds. The taxable bonds have a weighted average interest rate of 4.1 percent. The tax-exempt bonds have a stated weighted average interest rate of 4.8 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds. The refunding resulted in a loss of $33.0 million, recorded as a deferred outflow of resources, that will be amortized as interest expense over the remaining life of the refunded bonds. The refinancing and refunding of previously outstanding General Revenue Bonds and Limited Project Revenue Bonds resulted in cash flow savings of $23.8 million and an economic gain of $19.8 million.

2014 Activity

In August 2013, tax-exempt Medical Center Pooled Revenue Bonds totaling $124 million, including $93 million of fixed-rate bonds and $31 million of variable-rate demand bonds, were issued to finance and refinance certain facilities and projects of the medical centers. Proceeds, including a bond premium of $4 million, were used to pay for project construction and issuance costs, and refund $28 million of outstanding Medical Center Revenue Bonds. The fixed-rate bonds mature at various dates through 2048, and the variable-rate bonds mature in 2047. The interest rates on the variable-rate demand bonds reset weekly, and an interest rate swap, previously classified as an investment derivative, is being used to limit exposure to changes in market interest rates. In the event of a failed remarketing, the variable-rate demand bonds can be put back to The Regents for tender. The tax-exempt bonds have a stated weighted average interest rate of 5.0 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

In October 2013, General Revenue Bonds totaling $352 million—including $164 million tax-exempt bonds, $102 million taxable bonds, and $86 million tax-exempt variable-rate demand bonds—were used to refinance debt issued by the State of California or for such other purposes as authorized by The Regents. Proceeds, including a bond premium of $10 million, were used to pay $341 million in Lease Revenue Bonds issued by the State Public Works Board of the State of California, reported as lease-purchase agreements by the University and bond issuance costs. The fixed-rate bonds mature at various dates through 2048, and the variable-rate demand bonds mature in 2048. The tax-exempt bonds have a stated weighted average interest rate of 3.5 percent. The taxable bonds have a stated weighted average interest rate of 4.3 percent. The interest rates on the variable-rate demand bonds reset weekly, and in the event of a failed remarketing, can be put back to The Regents for tender. Interest rate swap agreements were executed to limit exposure to changes in market interest rates. General Revenues, as defined in the Indenture, have been amended to include certain state appropriations to secure payment of the General Revenue Bonds.

2013 Activity

In April 2014, General Revenue Bonds for UCLA totaling $32.2 million, including $18.6 million tax-exempt bonds and $13.6 million taxable bonds, were used to finance and refinance certain facilities and projects of the University. The bonds mature at various dates through 2049. The tax-exempt bonds have a stated weighted average interest rate of 4.9 percent. The taxable bonds have a stated weighted average interest rate of 3.9 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

In April 2014, the University remarketed General Revenue Bonds totaling $500.0 million of taxable bonds that were used to finance pension contributions to UCRP and operating costs on an interim basis. The scheduled mandatory tender for purchase is on July 1, 2017. The University pays an interest rate equal to 1-month LIBOR plus of 0.50 percent on these remarketed bonds starting on May 1, 2014.

Capital Leases

The University entered into lease-purchase agreements with the State of California that were recorded as capital leases. The state sold lease revenue bonds to finance the construction of certain state-owned buildings to be used by UCLA. At the conclusion of the lease term, ownership transferred to UCLA. In October 2013, the University refinanced all the lease revenue bonds issued by the State of California with University General Revenue Bonds and ownership of all the properties transferred to the University.

Capital leases totaled $67 million and $69 million in 2015 and 2014, respectively. The majority of the amount for fiscal year ended 2013, i.e., $349 million, is attributed to state lease revenue bonds issued to finance primarily seismic renovations of various UCLA campus buildings and the UCLA replacement hospitals in Santa Monica and Westwood. These were the lease revenue bonds issued by the state of California that were refinanced by General Revenue Bonds in October 2013 as noted above.

Other University Borrowings

Other University borrowings consist of contractual obligations resulting from the acquisition of land or buildings and the construction and renovation of certain facilities, along with the borrowing component associated with a hybrid derivate instrument.

Other borrowings totaled $77 million and $51 million, respectively, at June 30, 2015 and 2014. This was comprised of unamortized borrowings under UCLA Medical Center swap agreements of $27 million for years ended June 30, 2014 and 2013, in addition to mortgage and other obligations to various lenders of $50 million and $24 million, respectively, at June 30, 2015 and 2014.

As a means to lower the UCLA Medical Center's borrowing costs, when compared against fixed-rate bonds at the time of issuance, the UCLA Medical Center entered into interest rate swap agreements in connection with their variable-rate Medical Center Pooled Revenue Bonds. Under the swap agreements, the medical center pays the swap counterparty a fixed interest rate payment and receives a variable-rate interest payment to effectively change the variable-rate bonds to synthetic fixed-rate bonds. For the hedging derivatives, the notional amount of the swap matches the principal amount of the variable-rate Medical Center Pooled Revenue Bonds, and the swap agreement contains scheduled reductions to outstanding notional amounts that match scheduled reductions in the variable-rate bonds.

As part of the University, UCLA may use uncollateralized revolving lines of credit with commercial banks to provide interim financing for buildings and equipment. There were no outstanding borrowings under these bank lines at June 30, 2015 and 2014, respectively.

Future Debt Service and Hedging Derivative Interest Rate Swaps

Future debt service payments for UCLA's fixed- and variable-rate debt and net receipts or payments on associated hedging derivative instruments for each of the five fiscal years subsequent to June 30, 2015 and thereafter are presented below. Although not a prediction by UCLA of the future interest cost of the variable-rate bonds or the impact of the hedging derivative interest rate swaps, these amounts assume that current interest rates on variable-rate bonds and the current reference rates of the hedging derivative interest rate swaps will remain the same. As these rates vary, variable-rate bond interest payments and net hedging derivative interest rate swap payments will vary.

(dollars in thousands) Year ended June 30	COMMERCIAL PAPER	REVENUE BONDS	CAPITAL LEASES	OTHER UNIVERSITY BORROWINGS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
2016	$ 237,145	$ 200,917	$ 5,444	$ 4,716	$ 448,222	$ 307,973	$ 140,249
2017	-	201,075	5,211	4,757	211,043	75,949	135,094
2018	-	195,951	4,040	4,797	204,788	72,778	132,010
2019	-	195,902	3,971	4,839	204,712	75,746	128,966
2020	-	195,057	3,982	3,191	202,230	76,496	125,734
2021–2025	-	981,368	21,200	10,803	1,013,371	445,871	567,500
2026–2030	-	879,491	25,674	11,526	916,691	459,241	457,450
2031–2035	-	807,207	31,238	11,669	850,114	498,023	352,091
2036–2040	-	667,863	38,005	11,445	717,313	474,829	242,484
2041–2045	-	498,436	14,079	8,661	521,176	366,413	154,763
2046–2050		252,919	-	1,537	254,456	149,883	104,573
2051–2115	-	1,604,784	-	-	1,604,784	400,000	1,204,784
Total future debt service	**237,145**	**6,680,970**	**152,844**	**77,941**	**7,148,900**	**$ 3,403,202**	**$ 3,745,698**
Less: Interest component of future payments	(59)	(3,661,385)	(83,328)	(927)	(3,745,699)		
Principal portion of future payments	**237,086**	**3,019,585**	**69,516**	**77,014**	**3,403,201**		
Adjusted by:							
Unamortized bond premium	-	153,565	-	-	153,565		
Present value of net minimum leases included in long-term debt	-	-	(2,412)	-	(2,412)		
Total debt	$ 237,086	$ 3,173,150	$ 67,104	$ 77,014	$ 3,554,354		

8. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The composition of deferred outflows and inflows at June 30 are summarized as follows:

(dollars in thousands)		NET PENSION LIABILITY	LOSS ON DEBT REFUNDING	INTEREST RATE SWAP AGREEMENTS	TOTAL
At June 30, 2015					
Deferred outflows of resources	$	1,215,915	56,428	60,776	1,333,119
Deferred inflows of resources		1,185,356	-	-	1,185,356
At June 30, 2014	$				
Deferred outflows of resources		817,539	-	53,521	871,060
Deferred inflows of resources		1,568,701	-	-	1,568,701

9. THE UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)

Most UCLA employees participate in UCRS. UCRS consists of UCRP, a defined benefit plan funded with University and employee contributions; UCRSP which includes defined contribution plans with options to participate in internally or externally managed investment portfolios generally funded with employee non-elective and elective contributions; and PERS-VERIP, a defined benefit plan for UCLA employees who were members of PERS who elected early retirement. The Regents has the authority to establish and amend the benefit plans. Administration authority with respect to UCRS plans is vested with the President of the University as plan administrator, and the President has redelegated that authority within UCRS to the Vice President – Human Resources.

Condensed financial information related to each plan in UCRS and the changes in pension liability for UCRP and PERS-VERIP for the year ended June 30, 2015 is as follows:

(dollars in thousands)	UNIVERSITY OF CALIFORNIA RETIREMENT PLAN	UNIVERSITY OF CALIFORNIA PERS-VERIP	UNIVERSITY OF CALIFORNIA RETIREMENT SAVINGS PROGRAM	TOTAL
CONDENSED STATEMENT OF PLANS' FIDUCIARY NET POSITION				
Investments at fair value	$ 55,999,293	$ 68,928	$ 15,527,386	$ 71,595,607
Participants' interests in mutual funds			4,947,859	4,947,859
Investment of cash collateral	3,083,734	3,783	2,089,973	5,177,490
Other assets	311,106	124	205,287	516,517
Total assets	59,394,133	72,835	22,770,505	82,237,473
Collateral held for securities lending	3,083,773	3,783	2,089,999	5,177,555
Other liabilities	1,254,910	1,627	389,478	1,646,015
Total liabilities	4,338,683	5,410	2,479,477	6,823,570
Net position held in trust	**$ 55,055,450**	**$ 67,425**	**$ 20,291,028**	**$ 75,413,903**
CONDENSED STATEMENT OF CHANGES IN PLANS' FIDUCIARY NET POSITION				
Contributions	$ 3,303,058		$ 1,155,744	$ 4,458,802
Net appreciation (depreciation) in fair value of investments	1,177,626	$ 1,184	141,578	1,320,388
Investment and other income, net	816,176	1,366	507,954	1,325,496
Total additions	5,296,860	2,550	1,805,276	7,104,686
Benefit payment and participant withdrawals	2,976,992	5,081	1,551,916	4,533,989
Other deductions	48,285	6	6,486	54,777
Total deductions	3,025,277	5,087	1,558,402	4,588,766
Increase (decrease) in net position held in trust	**2,271,583**	**(2,537)**	**246,874**	**2,515,920**
Net position held in trust				
Beginning of year	52,783,867	69,962	20,044,154	72,897,983
End of year	**$ 55,055,450**	**$ 67,425**	**$ 20,291,028**	**$ 75,413,903**
CHANGES IN TOTAL PENSION LIABILITY				
Service cost	$ 1,589,267			$ 1,589,267
Interest	4,538,846	$ 2,704		4,541,550
Difference between expected and actual experience	(112,155)	242		(111,913)
Changes of benefit terms				
Changes of assumptions or other inputs	2,136,793	1,837		2,138,630
Benefits paid, including refunds of employee contributions	(2,976,992)	(5,081)		(2,982,073)
Net change in total pension liability	**5,175,759**	**(298)**		**5,175,461**
Total pension liability				
Beginning of year	60,529,332	38,360		60,567,692
End of Year	**65,705,091**	**38,062**		**65,743,153**
Net pension liability (asset), end of year	**$ 10,649,641**	**($ 29,363)**		**$ 10,620,278**

Additional information on the retirement plans can be obtained from the 2014-15 annual report of the University of California Retirement System which can be obtained at http://reportingtransparency.universityofcalifornia.edu/

University of California Retirement Plan (UCRP)

UCRP provides lifetime retirement income, disability protection, death benefits and post-retirement and pre-retirement survivor benefits to eligible employees of the University and its affiliates. Membership is required in UCRP for all employees appointed to work at least 50 percent time for one year or more or for an indefinite period or for a definite period of a year or more. An employee may also become eligible by completing 1,000 hours of service within a 12-month period. Generally, five years of service are required for entitlement to plan benefits. The amount of the pension benefit is determined under the basic formula of covered compensation times age factor times years of service credit. The maximum monthly benefit cannot exceed 100 percent of the employee's highest average plan compensation over a 36-month period, subject to certain limits imposed under the Internal Revenue Code. Annual cost-of-living adjustments (COLAs) are made to monthly benefits according to a specified formula based on the Consumer Price Index. Ad hoc COLAs may be granted subject to funding availability.

The University's membership in UCRP consisted of the following at June 30, 2015:

	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	UNIVERSITY OF CALIFORNIA
Retirees and beneficiaries receiving benefits	54,227	13,094	67,321
Inactive members entitled to, but not receiving benefits	63,956	11,209	75,165
Active members			
Vested	73,493	1,665	75,158
Nonvested	47,686	924	48,610
Total active members	**121,179**	**2,589**	**123,768**
Total membership	**239,362**	**26,892**	**266,254**

Contributions

Contributions to UCRP are based upon rates determined by The Regents. The Regent's funding policy provides for contributions at rates to maintain UCRP on an actuarially sound basis. While the University's independent actuary annually determines the total funding policy contributions, the University is not required to contribute an amount equal to the total funding contribution. The actual contributions and contribution rates of the University and employees are based on numerous factors, including the availability of funds to the University, the impact of employee contributions on the competitiveness of the University's total remuneration package, and collective bargaining agreements.

The Regents determines the portion of the total contribution to be made by the employer and by the employees, and employee contribution rates for represented employees are subject to collective bargaining. Effective July 1, 2014, employee member and employer contributions were 8.0 percent and 14.0 percent, respectively. Member contributions for the employees in the new benefit tier applicable to employees hired on or after July 1, 2013 are 7.0 percent, and the employer rate is uniform across all members. UCLA contributions were $349 million and $327 million for 2015 and 2014, respectively.

Employee contributions to UCRP are accounted for separately and currently accrue interest at 6.0 percent annually. Upon termination, members may elect a refund of their contributions plus accumulated interest; vested terminated members who are eligible to retire may also elect monthly retirement income or a lump sum equal to the present value of their accrued benefits.

Net Pension Liability

All UCRP assets are available to pay any member's benefit. However, assets and liabilities for the campus and medical center segment of UCRP are internally tracked separately from the DOE national laboratory segments of UCRP. The net pension liability for UCRP was as follows:

(in thousands of dollars)	UCLA CAMPUS AND MEDICAL CENTER*	OTHER CAMPUSES AND OTHER MEDICAL CENTERS	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	UNIVERSITY OF CALIFORNIA
At June 30, 2015					
UCRP net position	$ 11,640,793	$ 34,987,760	$ 46,628,553	$ 8,426,897	$ 55,055,450
Total Pension liability	14,048,074	42,223,121	56,271,195	9,433,896	65,705,091
Net Pension liability	**$ 2,407,281**	**$ 7,235,361**	**$ 9,642,642**	**$ 1,006,999**	**$ 10,649,641**

(in thousands of dollars)	UCLA CAMPUS AND MEDICAL CENTER*	OTHER CAMPUSES AND OTHER MEDICAL CENTERS	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	UNIVERSITY OF CALIFORNIA
At June 30, 2014					
UCRP net position	$ 11,068,772	$ 33,415,722	$ 44,484,494	$ 8,299,373	$ 52,783,867
Total Pension liability	12,816,791	38,692,849	51,509,640	9,019,692	60,529,332
Net Pension liability	**$ 1,748,019**	**$ 5,277,127**	**$ 7,025,146**	**$ 720,319**	**$ 7,745,465**

*Pro-rata estimate based on UCLA's respective percentage of covered payroll.

The University's net pension liability was measured as of June 30 based upon rolling forward the results of the actuarial valuations as of July 1. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. The University's net pension liability was calculated using the following methods and assumptions:

	2015	2014
Inflation	3.0%	3.5%
Investment rate of return	7.25	7.5
Projected salary increases	3.8–6.2	4.3–6.8

Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions were changed in 2015 based upon the results of an experience study conducted for the period of July 1, 2010 through June 30, 2014. For active members, inactive members and healthy retirees, the RP-2014 White Collar Mortality Tables are used (separate tables for males and females), projected with the two-dimensional MP2014 projection scale to 2029, and with ages then set forward one year. For disabled members, rates are based on the RP-2014 Disabled Retiree Mortality Table, projected with the two-dimensional MP2014 projection scale to 2029, and with ages then set back one year for males and set forward five years for females.

The actuarial assumptions used in 2014 were based upon the results of an experience study conducted for the period of July 1, 2006 through June 30, 2010. For active members, inactive members, and healthy retirees, the RP-2000 Combined Healthy Mortality Table, projected with scale AA to 2025, with ages set back two years, is used. For disabled members, rates are based on the RP-2000 Disabled Retiree Mortality Table, projected with scale AA to 2025, with ages set back two years for males.

The long-term expected investment rate of return assumption for UCRP was determined based on a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset Class		
U.S. Equity	28.5%	6.1%
Developed International Equity	18.5	7.0
Emerging Market Equity	8.0	8.6
Core Fixed Income	12.5	0.8
High Yield Bonds	2.5	3.0
Emerging Market Debt	2.5	3.9
TIPS	4.5	0.4
Real Estate	5.5	4.8
Private Equity	8.0	11.2
Absolute Return/Hedge Funds/Real Estate	9.5	4.2
Total	**100.0%**	**5.6%**

Discount rate

The discount rate used to estimate the net pension liability as of June 30, 2015 and 2014 was 7.25 percent and 7.5 percent, respectively. To calculate the discount rate, cash flows into and out of UCRP were projected in order to determine whether UCRS has sufficient cash in future periods for projected benefit payments for current members. For this purpose, University contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected University contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. UCRP was projected to have assets sufficient to make projected benefit payments for current members for all future years as of June 30, 2015 and 2014.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the University calculated using the June 30, 2015 discount rate assumption of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)	1% DECREASE (6.25%)	CURRENT DISCOUNT (7.25%)	1% INCREASE (8.25%)
UCRP	$ 18,201,009	$ 10,649,641	$ 4,458,805
UCRP (portion of UCLA campus, including Medical Centers)*	4,543,872	2,658,677	1,113,138
PERS-VERIP	(27,197)	(29,363)	(31,310)

*Pro-rata estimate based on UCLA's respective percentage of covered payroll.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources:

(in thousands of dollars)	UCLA CAMPUS AND MEDICAL CENTER*	OTHER CAMPUSES AND OTHER MEDICAL CENTERS	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	TOTAL UCRP	PERS-VERIP	TOTAL
At June 30, 2015							
DEFERRED OUTFLOWS OF RESOURCES							
Difference between expected and actual experience							
Changes of assumptions or other inputs	$ 702,833	$ 2,112,447	$ 2,815,280	$ 158,089	$ 2,973,369		$ 2,973,369
Net difference between projected and actual earnings on pension plan investments	450,172	1,353,044	1,803,216	353,970	2,157,186	$ 2,960	2,160,146
Total	**$ 1,153,005**	**$ 3,465,491**	**$ 4,618,496**	**$ 512,059**	**$ 5,130,555**	**$ 2,960**	**$ 5,133,515**
DEFERRED INFLOWS OF RESOURCES							
Difference between expected and actual experience	$ 97,480	$ 292,987	$ 390,467	$ 4,004	$ 394,471		$ 394,471
Changes of assumptions or other inputs	343,441	1,032,252	1,375,693		1,375,693		1,375,693
Net difference between projected and actual earnings on pension plan investments	728,059	2,188,265	2,916,324	542,095	3,458,419	4,922	3,463,341
Total	**$ 1,168,980**	**$ 3,513,504**	**$ 4,682,484**	**$ 546,099**	**$ 5,228,583**	**$ 4,922**	**$ 5,233,505**

(in thousands of dollars)	UCLA CAMPUS AND MEDICAL CENTER*	OTHER CAMPUSES AND OTHER MEDICAL CENTERS	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	TOTAL UCRP	PERS-VERIP	TOTAL
At June 30, 2014							
DEFERRED OUTFLOWS OF RESOURCES							
Difference between expected and actual experience				$ 3,418	$ 3,418		$ 3,418
Changes of assumptions or other inputs	$ 544,509	$ 1,528,091	$ 2,072,600		2,072,600		2,072,600
Net difference between projected and actual earnings on pension plan investments	261,428	733,664	995,092	212,012	1,207,104	1,909	1,209,013
Total	**$ 805,937**	**$ 2,261,755**	**$ 3,067,692**	**$ 215,430**	**$ 3,283,122**	**$ 1,909**	**$ 3,285,031**
DEFERRED INFLOWS OF RESOURCES							
Difference between expected and actual experience	$ 107,091	$ 300,546	$ 407,640		$ 407,640		$ 407,640
Changes of assumptions or other inputs	492,368	1,381,764	1,874,132		1,874,132		1,874,132
Net difference between projected and actual earnings on pension plan investments	1,055,605	2,962,418	4,018,023	740,671	4,758,694	6,742	4,765,436
Total	**$ 1,655,064**	**$ 4,644,728**	**$ 6,299,795**	**$ 740,671**	**$ 7,040,466**	**$ 6,742**	**$ 7,047,208**

*Pro-rata estimate based on UCLA's respective percentage of covered payroll.

The net amount of deferred outflows of resources and deferred inflows of resources as of June 30, 2015 related to pensions that will be recognized in pension expense during the next five years are as follows:

(in thousands of dollars)	UCLA CAMPUS AND MEDICAL CENTER*	OTHER CAMPUSES	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	TOTAL UCRP	PERS-VERIP	TOTAL
2016	$ 39,972	$ 120,139	$ 160,111	$ 123,506	$ 283,617	($ 363)	$ 283,254
2017	(89,326)	(268,476)	(357,802)	(136,587)	(494,389)	(1,317)	(495,706)
2018	(148,700)	(446,935)	(595,635)	(82,950)	(678,585)	(783)	(679,368)
2019	151,287	454,711	605,998	61,991	667,989	501	668,490
2020	30,792	92,548	123,340		123,340		123,340
Total	**($ 15,975)**	**($ 48,013)**	**($ 63,988)**	**($ 34,040)**	**($ 98,028)**	**($ 1,962)**	**($ 99,990)**

*Pro-rata estimate based on UCLA's respective percentage of covered payroll.

Defined Contribution Plan

The University makes DC Plan retirement contributions on the summer or equivalent term salaries of eligible academic employees who teach, conduct research or provide administrative service during the summer session or an equivalent term. To be eligible, employees must hold academic year appointments and be active members of UCRP or another defined benefit plan to which the University contributes. The contribution rate is 7.0 percent of eligible salary, of which 3.5 percent is University-paid and 3.5 percent is employee-paid, both on a pretax basis. The University may also contribute on behalf of eligible senior managers. Employer contributions to the DC Plan were $4.9 million and $4.7 million for the years ended June 30, 2015 and 2014, respectively.

The DC Plan Pretax Account also includes mandatory contributions from part-time, seasonal and temporary employees at the University who are not currently participating in UCRP or another defined benefit plan to which the University contributes (Safe Harbor participants). Safe Harbor participation includes certain University student employees and resident aliens with F-1 and J-1 visa status. Safe Harbor participants contribute 7.5 percent of their gross salary (up to the Social Security wage base) to the Plan in lieu of deductions for Social Security taxes.

All University employees, except students who normally work fewer than 20 hours per week, are eligible to make voluntary contributions to the DC Plan After-Tax Account and defer taxation on the earnings until the accumulations are withdrawn. The maximum amount participants may contribute annually to the After-Tax Account is determined by the IRC §415(c) limit. The University may also make DC Plan contributions on behalf of eligible senior managers.

The Supplemental Defined Contribution Plan (SDC Plan) accepts employer contributions in behalf of certain designated employees. Employer contributions are fully vested and there is no provision for employee contributions. There were no assets or employer contributions to the SDC Plan for the years ended June 30, 2015 and 2014.

Tax Deferred 403(b) Plan

The University's Tax-Deferred 403(b) Plan (403(b) Plan) accepts pretax employee contributions. The University may also make contributions on behalf of certain members of management.

457(b) Deferred Compensation Plan

The University's 457(b) Deferred Compensation Plan (457(b) Plan) accepts pretax employee contributions. UCLA may also make contributions on behalf of certain members of management. There were no employer contributions to the 457(b) Plan for the years ended June 30, 2015 and 2014.

Participants in the DC Plan, the SDC Plan, the 403(b) Plan and the 457(b) Plan may direct their elective and nonelective contributions to investment funds managed by the Chief Investment Officer. They may also invest account balances in certain mutual funds. The participants' interests in mutual funds is shown separately in the statement of plans' fiduciary net position.

University of California PERS-VERIP

The University of California PERS-VERIP is a defined benefit pension plan providing lifetime supplemental retirement income and survivor benefits to UC-PERS members who elected early retirement under provisions of the plan. The University contributed to PERS on behalf of these UC-PERS members. As of July 1, 2015, there are 584 retirees or beneficiaries receiving benefits under this voluntary early retirement program.

The University previously made contributions to the plan sufficient to maintain the promised benefits. The annual requirement contribution, net obligation to PERS-VERIP and any changes or adjustments to that obligation, are all zero for the years ending June 30, 2015 and 2014.

10. RETIREE HEALTH BENEFIT COSTS AND OBLIGATIONS

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees and their eligible family members (retirees) of the University of California and its affiliates. The Regents has the authority to establish and amend the plans.

Membership in UCRP is required to become eligible for retiree health benefits. Participation in the retiree health benefit plans consisted of the following at July 1, 2014, the date of the latest actuarial valuation:

	CAMPUSES AND MEDICAL CENTERS	LBNL	UNIVERSITY OF CALIFORNIA
Retirees who are currently receiving benefits	38,488	1,747	40,235
Employees who may receive benefits at retirement	118,733	3,168	121,901
Total membership	**157,221**	**4,915**	**162,136**

Contribution Policy

The contribution requirements of the University and eligible retirees are established and may be amended by the University. The contribution requirements are based upon projected pay-as-you-go financing. University and retiree contributions toward premiums made under purchased plan arrangements are determined by applying the health plan contract rates across the number of participants in the respective plans. Premium rates for the self-insured plan contributions are set by the University based upon a trend analysis of the historic cost, utilization, demographics and administrative expenses to provide for the claims incurred and the actuarially determined level of incurred but not reported liability.

Contributions toward medical and dental benefits are shared between the University and the retiree. Contributions toward wellness benefits are made by the University. The University does not contribute toward the cost of other benefits available to retirees. Retirees who are employed by the University after July 1, 2013, and retire at the age of 56 or older, become eligible for a percentage of the University's contribution based on the age and years of service. Retirees are eligible for the maximum University contribution at age 65 with 20 or more years of service. Retirees employed by the University prior to 1990 and not rehired after that date are eligible for the University's maximum contribution if they retire before age 55 and have at least 10 years of service, or if they retire at age 55 or later and have at least five years of service. Retirees employed by the University after 1989 are subject to graduated eligibility provisions that generally require 10 years of service before becoming eligible for 50 percent of the maximum University contribution, increasing to 100 percent after 20 years of service.

Active employees do not make any contributions toward the retiree health benefit plans. Retirees pay the excess, if any, of the premium over the applicable portion of the University's contribution.

In addition to the explicit University contribution provided to retirees, there is an "implicit subsidy." The gross premiums for members who are not currently eligible for Medicare benefits are the same for active employees and retirees, based on a blend of their health costs. Retirees, on average, are expected to have higher health care costs than active employees. This is primarily due to the older average age of retirees. Since the same gross premiums apply to both groups, the premiums paid for active employees by the University are subsidizing the premiums for retirees. This effect is called the implicit subsidy. The implicit subsidy associated with retiree health costs paid during the past year is also considered to be a contribution from the University.

Retiree Health Benefit Expense and Obligation for Retiree Health Benefits

The University's retiree health benefit expense is independently calculated for campuses and medical centers based upon the actuarially determined annual required contribution. The annual required contribution represents the level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize unfunded actuarial liabilities over a period of up to 30 years.

UCLA's annual retiree health benefit expense and related information for the years ended June 30, 2015 and 2014 is as follows:

	UCLA	
(dollars in thousands)	**2015**	**2014**
Actuarial valuation date	July 1, 2014	July 1, 2013
Annual required contribution	$ 443,392	$ 406,093
Interest on obligation to retiree health benefits	112,554	100,290
Adjustment to annual required contribution	(222,093)	(191,221)
Annual retiree health benefit cost	**333,853**	**315,162**
Contributions for retiree health benefits	**(87,427)**	**(94,160)**
Increase in obligations for retiree health benefits	**246,426**	**221,002**
Obligations for retiree health benefits		
Beginning of year	2,030,689	1,809,687
End of year	**$ 2,277,115**	**$ 2,030,689**

The annual retiree health benefit cost, percentage of the annual retiree health benefit cost contributed to the retiree health benefit plan, and the net obligation for retiree health benefits for UCLA for the year ended June 30, 2015, and the preceding years are as follows:

(dollars in thousands)	**UCLA**
Annual retiree health benefit cost:	
June 30, 2015	$ 333,853
June 30, 2014	315,162
June 30, 2013	362,660
Percent of annual cost contribution:	
June 30, 2015	27.5%
June 30, 2014	31.2%
June 30, 2013	22.1%
Net obligation (benefit) to the retiree benefits plan:	
June 30, 2015	$ 2,277,115
June 30, 2014	2,030,689
June 30, 2013	1,809,687

Funded Status

Actuarial valuations represent a long-term perspective and involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, investment return and health care cost trends. The projection of benefits does not explicitly incorporate the potential effects of the results of collective bargaining discussions on the contribution rate. Actuarially determined amounts are subject to periodic revisions as actual rates are compared with past expectations and new estimates are made about the future.

The funded status of the plan for UCLA campus and medical centers as of July 1, 2015, was as follows:

(dollars in thousands)		
Actuarial value of plan assets	$	16,273
Actuarial accrued liability		(3,518,506)
Unfunded actuarial accrued liability	**$**	**(3,502,233)**
Value of the implicit subsidy included in the actuarial accrued liability	$	677,515
Funded ratio		0.5%
Covered payroll	$	2,255,522
Unfunded actuarial accrued liability as a percentage of covered payroll		(155.3%)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, includes multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based upon the plan as understood by the University and plan members, and include the types of benefits provided at the time of each valuation and the historical cost pattern of sharing of benefit costs between the University and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant actuarial methods and assumptions used in the valuation were:

- Assumed return on investment of 5.5 percent per year, representing the return on the University's assets expected to be used to finance benefits;
- Market value of assets smoothed over a five-year period;
- Health care cost trend rate ranging from 7.3 to 10.0 percent for non-Medicare and 6.8 to 8.5 percent for Medicare initially, depending on the type of plan, reduced by increments to an ultimate rate of 5 percent over 15 years;
- Projected inflation at 3.5 percent;
- Amortization of the initial unfunded actuarial accrued liability over 30 years as a flat dollar amount on a closed basis;
- Amortization of future actuarial gains and losses over 15 years as a flat dollar amount on a closed basis;
- Amortization of the effects of changes in the plan design, or changes in assumptions, over 30 years as a flat dollar amount on a closed basis;
- Entry Age Normal level-dollar actuarial cost method;
- Future life expectancy based upon recent group mortality experience; and
- Assumed retirement ages, employee turnover and disability rates based on actual plan experience and future expectations.

11. ENDOWMENTS AND FOUNDATION GIFTS

The value of endowments and gifts held and administered by the University or by UCLA's Foundations, exclusive of income distributed to be used for operating purposes, at June 30, 2015 and 2014, are as follows:

	UCLA		FOUNDATIONS	
(dollars in thousands)	**2015**	**2014**	**2015**	**2014**
Restricted				
Endowments	$ 258,533	$ 247,900	$ 948,788	$ 868,783
Annuity and life income	76	40	12,964	24,003
Nonexpendable	**258,609**	**247,940**	**961,752**	**892,786**
Endowments	511,642	486,635	255,720	237,750
Funds functional as endowments	614,128	577,383	516,947	462,822
Annuity and life income	377	455	17,254	17,332
Gifts	211,682	214,329	576,862	575,112
Expendable	**1,337,829**	**1,278,802**	**1,366,783**	**1,293,016**
Total restricted	**1,596,438**	**1,526,742**	**2,328,535**	**2,185,802**
Unrestricted				
Funds functional as endowments	244,004	177,765	-	
Gifts	2,320	2,567	72,205	103,690
Total unrestricted	**246,324**	**180,332**	**72,205**	**103,690**
Total	**$ 1,842,762**	**$ 1,707,074**	**$ 2,400,740**	**$ 2,289,492**

University Endowments

The endowments held by the University are administered on a systemwide basis. The University's endowment income distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and to generate a predictable stream of spendable income. Endowment investments are managed to achieve the maximum long-term total return. As a result of this emphasis on total return, the proportion of the annual income distribution provided by dividend and interest income and by capital gains may vary significantly from year to year. The University's policy is to retain the realized and unrealized appreciation with the endowment after the annual income distribution has been made. The net appreciation available to meet future spending needs, subject to the approval of The Regents, amounted to $1 billion and $963 million at June 30, 2015 and 2014, respectively.

The portion of investment returns earned on endowments held by the University and distributed at the end of each year to support current operations for the following year is based upon a rate that is approved by The Regents. The annual income distribution transferred to UCLA from endowments held by the University was $36 million and $32 million for years ended June 30, 2015 and 2014, respectively. The portion of this annual income distribution from accumulated capital gains, in addition to

the dividend and interest income earned during the year, was $30 million and $28 million for the years ended June 30, 2015 and 2014, respectively. Accumulated endowment income available for spending in the future, including the annual income distribution, was $75 million and $70 million at June 30, 2015 and 2014, respectively.

UCLA Foundations

During the years ended June 30, 2015 and 2014, gifts of $204 million ($83 million from endowment investments and $121 million from current funds) and $199 million ($80 million from endowment investments and $119 million from current funds), respectively, were transferred to UCLA from these Foundations.

12. OPERATING EXPENSES BY FUNCTION

Operating expenses, by functional classification, for the years ended June 30, 2015 and 2014, are as follows:

(dollars in thousands)	2015	2014
Instruction	$ 1,939,648	$ 1,715,348
Research	775,208	721,942
Public service	127,955	114,661
Academic support	577,848	567,819
Student services	155,819	137,062
Institutional support	257,360	211,177
Operations and maintenance of plant	101,345	93,996
Student financial aid	12,262	30,100
Medical centers	1,829,159	1,741,880
Auxiliary enterprises	346,021	320,990
Depreciation	347,899	333,971
Impairment of Capital Assets	4,124	-
Other	21,847	23,141
Total	**$ 6,496,495**	**$ 6,012,087**

13. SEGMENT INFORMATION - MEDICAL CENTER

The University's significant identifiable activities for which revenue bonds may be outstanding where revenue is pledged in support of revenue bonds are related to the University's medical centers, including the discretely presented CHRCO. The medical centers' operating revenues and expenses consist primarily of revenues associated with patient care and the related costs of providing that care. Condensed financial statement information related to each of the University's medical centers for the year ended June 30, 2015 is provided in footnote 17 of the University of California Annual Financial Report. Condensed financial statement information for the UCLA medical center for the years ended June 30, 2015 and June 30, 2014 is as follows:

(dollars in thousands)	2015	2014
Revenue bonds outstanding	$ 709,915	$ 719,140
Related debt service payments	44,709	72,696
Bonds due serially through	2,049	2,049
CONDENSED STATEMENT OF NET POSITION		
Current assets	1,128,849	1,230,184
Capital assets, net	1,845,365	1,871,926
Other assets	301,555	45,603
Total assets	**3,275,769**	**3,147,713**
Total deferred outflows of resources	**433,959**	**329,765**
Current liabilities	326,049	308,007
Long-term debt	810,389	820,828
Other noncurrent liabilities	1,026,374	787,976
Total liabilities	**2,162,812**	**1,916,811**
Total deferred inflows of resources	**343,940**	**457,905**
Net investment in capital assets	1,027,330	989,268
Restricted	12,213	12,670
Unrestricted	163,433	100,824
Total net position	**$ 1,202,976**	**$ 1,102,762**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
Operating revenues	$ 2,253,866	$ 1,988,037
Operating expenses	(1,887,671)	(1,738,753)
Depreciation expense	(130,946)	(126,069)
Operating income (loss)	**235,249**	**123,215**
Nonoperating revenues (expenses), net	(11,833)	(20,098)
Income (loss) before other changes in net position	**$ 223,416**	**$ 103,117**
Health systems support	(130,170)	(117,082)
Transfers from University, net		
Changes in allocation for pension payable to University	2,822	(4,759)
Other, including donated assets	4,146	7,592
Increase (decrease) in net position	**$ 100,214**	**$ (11,132)**
Net position – beginning of year		
Beginning of year, as previously reported	1,102,762	1,927,153
Cumulative effect of accounting change	-	(813,259)
Beginning of year, as restated	1,102,762	1,113,894
Net position – June 30, 2014	**$ 1,202,976**	**$ 1,102,762**
CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided (used) by:		
Operating activities	$ 421,423	$ 357,784
Noncapital financing activities	(125,942)	(116,865)
Capital and related financing activities	(144,019)	(135,114)
Investing activities	(237,783)	14,550
Net increase (decrease) in cash and cash equivalents	**$ (86,321)**	**$ 120,355**
Cash and cash equivalents* - prior year	821,098	700,743
Cash and cash equivalents* – June 30	**$ 734,777**	**$ 821,098**

*Cash and cash equivalents on the medical center's financial statements are included in the University's Short Term Investment Pool

14. CAMPUS FOUNDATION INFORMATION

Under University policies approved by The Regents, each individual campus may establish a separate foundation to provide valuable assistance in fundraising, public outreach, and other support for the missions of the campus and the University. Although independent boards govern these foundations, their assets are dedicated for the benefit of the University.

The UCLA Foundation was established in 1945 to raise funds to benefit UCLA. In addition, the Jonsson Cancer Center Foundation/UCLA (JCCF) was established in 1956 with the primary purpose to raise funds for cancer research at UCLA. These two foundations are component units of the University. The combined financial statements of these two foundations are presented discretely in a separate column on the University's financial statements because of their nature and significance of their relationship with the University.

Condensed financial statement information related to UCLA's foundations for the years ended June 30, 2015 and 2014 is as follows:

	UCLA FOUNDATIONS		
(dollars in thousands)	UCLA FOUNDATION*	JONSSON CANCER CENTER FOUNDATION	TOTAL
Year ended June 30, 2015			
CONDENSED STATEMENT OF NET POSITION			
Current assets	$ 409,036	$ 8,970	$ 418,006
Noncurrent assets	2,259,998	3,469	2,263,467
Total assets	**2,669,034**	**12,439**	**2,681,473**
Current liabilities	238,819	586	239,405
Noncurrent liabilities	31,641	-	31,641
Total liabilities	**270,460**	**586**	**271,046**
Deferred Inflow of Resources	**1,428**	**-**	**1,428**
Restricted	2,324,941	3,594	2,328,535
Unrestricted	72,205	8,259	80,464
Total net position	**$ 2,397,146**	**$ 11,853**	**$ 2,408,999**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating revenues	$ 186,517	$ 11,290	$ 197,807
Operating expenses	(239,357)	(10,516)	(249,873)
Operating income	**(52,840)**	**774**	**(52,066)**
Nonoperating revenues	104,363	229	104,592
Income before other changes in net position	**51,523**	**1,003**	**52,526**
Permanent endowments	66,981	-	66,981
Increase in net position	**118,504**	**1,003**	**119,507**
Net position – June 30, 2014	2,278,642	10,850	2,289,492
Cumulative effect of accounting change	-	-	-
Net position – June 30, 2015	**$ 2,397,146**	**$ 11,853**	**$ 2,408,999**
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	$ (54,840)	$ (171)	$ (55,011)
Noncapital financing activities	38,028	-	38,028
Investing activities	18,252	224	18,476
Net increase in cash and equivalents	**1,440**	**53**	**1,493**
Cash and equivalents – June 30, 2014	2,470	135	2,605
Cash and equivalents – June 30, 2015	**$ 3,910**	**$ 188**	**$ 4,098**

**Net of investments held for Jonsson Cancer Center Foundation*

(dollars in thousands)	UCLA FOUNDATIONS UCLA FOUNDATION*	JONSSON CANCER CENTER FOUNDATION	TOTAL
Year ended June 30, 2014			
CONDENSED STATEMENT OF NET POSITION			
Current assets	$ 391,753	$ 7,029	$ 398,782
Noncurrent assets	2,148,482	3,868	2,152,350
Total assets	**2,540,235**	**10,897**	**2,551,132**
Current liabilities	227,947	47	227,994
Noncurrent liabilities	33,646	-	33,646
Total liabilities	**261,593**	**47**	**261,640**
Restricted	2,183,121	2,681	2,185,802
Unrestricted	95,521	8,169	103,690
Total net position	**$ 2,278,642**	**$ 10,850**	**$ 2,289,492**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating revenues	$ 274,203	$ 10,380	$ 284,583
Operating expenses	(233,702)	(9,488)	(243,190)
Operating income	**40,501**	**892**	**41,393**
Nonoperating revenues	203,710	393	204,103
Income before other changes in net position	**244,211**	**1,285**	**245,496**
Permanent endowments	74,000	-	74,000
Increase in net position	**318,211**	**1,285**	**319,496**
Net position – June 30, 2013	1,960,431	9,565	1,969,996
Cumulative effect of accounting change	-	-	-
Net position – June 30, 2014	**$ 2,278,642**	**$ 10,850**	**$ 2,289,492**
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	$ (88,860)	$ (815)	$ (89,675)
Noncapital financing activities	62,714	-	62,714
Investing activities	26,567	890	27,457
Net increase in cash and equivalents	**421**	**75**	**496**
Cash and equivalents – June 30, 2013	2,049	60	2,109
Cash and equivalents – June 30, 2014	**$ 2,470**	**$ 135**	**$ 2,605**

**Net of investments held for Jonsson Cancer Center Foundation*

Additional information for the Foundations can be found at: https://www.uclafoundation.org/ and www.cancer.ucla.edu

15. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

Amounts committed but unexpended for construction projects totaled $452 million and $442 million on June 30, 2015 and 2014, respectively.

UCLA leases land, buildings and equipment under agreements recorded as operating leases. Operating lease expenses for the years ended June 30, 2015 and 2014 were $78 million and $65 million, respectively. The terms of operating leases extend through March 2027.

Future minimum payments on operating leases with initial or remaining non-cancelable terms in excess of one year are as follows:

(dollars in thousands) **Year Ending June 30**	**MINIMUM ANNUAL LEASE PAYMENTS**
2016	$ 50,790
2017	43,062
2018	38,056
2019	31,869
2020	24,544
2021–2025	47,472
2026–2030	898
Total	$ 236,691

Contingencies

Substantial amounts are received and expended by UCLA, including the UCLA Medical Center, under federal and state programs and are subject to audit by cognizant governmental agencies. This funding relates to research, student aid, medical center operations and other programs. UCLA management believes that any liabilities arising from such audits will not have a material effect on UCLA's financial position.

UCLA and the foundations are contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Although there are inherent uncertainties in any litigation, UCLA management and campus counsel are of the opinion that the outcome of such matters will not have a material effect on UCLA's financial position.

16. INSURANCE PROCEEDS

A water main break flooded a portion of the UCLA campus on July 29, 2014. Related losses, primarily for repairs to campus grounds and buildings, were approximately $13 million for fiscal year 2014-2015. This event and the financial impact were evaluated under GASB 42 - Accounting and Financial Reporting for Impairment of Capital Assets. It was determined that there was no impairment to related campus infrastructure per GASB 42. The damaged grounds and buildings were substantially restored within a few months after the flood.

The losses were substantially covered by insurance proceeds of approximately $12.9 million. UCLA participates in the UC Trust self-insurance to cover the first $7.5 million of such losses and maintains third-party insurance to cover losses exceeding that amount. During fiscal year 2014-2015, UCLA received $7.5 million from the UC Trust. Third-party insurance has provided additional proceeds of $5.4 million – ($2.5 million received in fiscal year 2014-2015 and $2.9 million received in September 2015).

Regarding the Statement of Revenues, Expenses, and Changes in Net Position: Flood expenses are included in Operating Expenses – in primarily supplies and materials, other operating expenses, and salaries and wages. Third-party insurance proceeds are included in Operating Revenues – other operating revenues, net. Insurance proceeds from the UC Trust are included in Other Changes in Net Position - Transfers from UC, net.

Regarding the Statement of Cash Flows: Flood expenses are included in Cash Flows from Operating Activities – primarily within payments to suppliers and utilities and to payments to employees; insurance proceed receipts from the UC Trust and third-party insurance are in Cash Flows from Capital and Related Financing Activities - proceeds from insurance recoveries.

Photograph, Christy Linder

UCLA gymnast, Samantha Peszek, a 2008 Olympic silver medalist for the U.S. team, graduated UCLA in June 2015 as an accomplished scholar and athlete. Peszek graduated with a 4.0 and made the Dean's Honor Roll list three times and the Athletic Director's Honor Roll every quarter she was enrolled at UCLA. Peszek is a 17 time All-American and holds three NCAA, seven NCAA Regional, and three Pac-12 titles. Peszek closed out her time at UCLA by winning two NCAA titles in 2015 – all-around champion and beam champion. Other career accolades include induction to the USA Gymnastics Hall of Fame Class of 2013 as a member of the 2007 women's world championships team and being awarded a NCAA Postgraduate Scholarship.

Photograph, Daniel M. Garcia

UCLA band members celebrated UCLA's 40 to 35 win over # 11 Kansas State at the Alamo Bowl in San Antonio, Texas on January 2, 2015.

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Chris Crisman

Photograph, Kevin Kinder

Bellow: The No. 1 UCLA men's water polo team brought home its ninth NCAA title and 112th in UCLA history with a 9-8 win over six-time defending champion USC on December 7, 2014.

Photograph, Kevin Kinder

Above: The UCLA Women's Basketball team defeated West Virginia, 62-60, to win its first-ever WNIT Championship on April 4, 2015, in Charleston Civic Center. UCLA freshman Jordin Canada was the tournament's most valuable player. This was the first national championship for the team since Ann Meyers Drysdale, Denise Curry, and Anita Ortega (UCLA Hall of Fame inductees respectively in 1988, 1994, and 2002) won the 1978 AIAW Championship with legendary coach Billie Moore (UCLA Hall of Fame inductee in 2000).

Photograph, Don Liebig

UCLA Football retired jersey number 8, in honor of UCLA and Dallas Cowboy quarterback great Troy Aikman, at this Rose Bowl ceremony on November 28, 2014. Transferring to UCLA as a junior, Aikman lead the Bruins to two 10-2 seasons including wins against the Florida Gators in the 1987 Aloha Bowl and the Arkansas Razorbacks in the 1988 Cotton Bowl Classic. Aikman received the Davey O'Brien Award as the nation's top quarterback his senior year.
Aikman lead the Cowboys to three Super Bowl victories, was Super Bowl XXVII MVP and was inducted into both the College Football Hall of Fame and Pro Football Hall of Fame. Aikman donated $1 million toward the Wasserman Football Center which, in honor of his contribution, will house the Troy Aikman Strength and Conditioning Center.

CHAMPIONS ARE MADE HERE

UCLA leads the nation with 112 NCAA team championships and 134 total national championships!

Men's NCAA Titles (73)

Baseball (1)	2013										
Basketball (11)	1964	1965	1967	1968	1969	1970	1971	1972	1973	1975	1995
Golf (2)	1988	2008									
Gymnastics (2)	1984	1987									
Soccer (4)	1985	1990	1997	2002							
Swimming & Diving (1)	1982										
Tennis (16)	1950	1952	1953	1954	1956	1960	1961	1965	1970	1971	1975
	1976	1979	1982	1984	2005						
Track & Field - Outdoor (8)	1956	1966	1971	1972	1973	1978	1987	1988			
Volleyball (19)	1970	1971	1972	1974	1975	1976	1979	1981	1982	1983	1984
	1987	1989	1993	1995	1996	1998	2000	2006			
Water Polo (9)	1969	1971	1972	1995	1996	1999	2000	2004	2014		

Women's NCAA Titles (39)

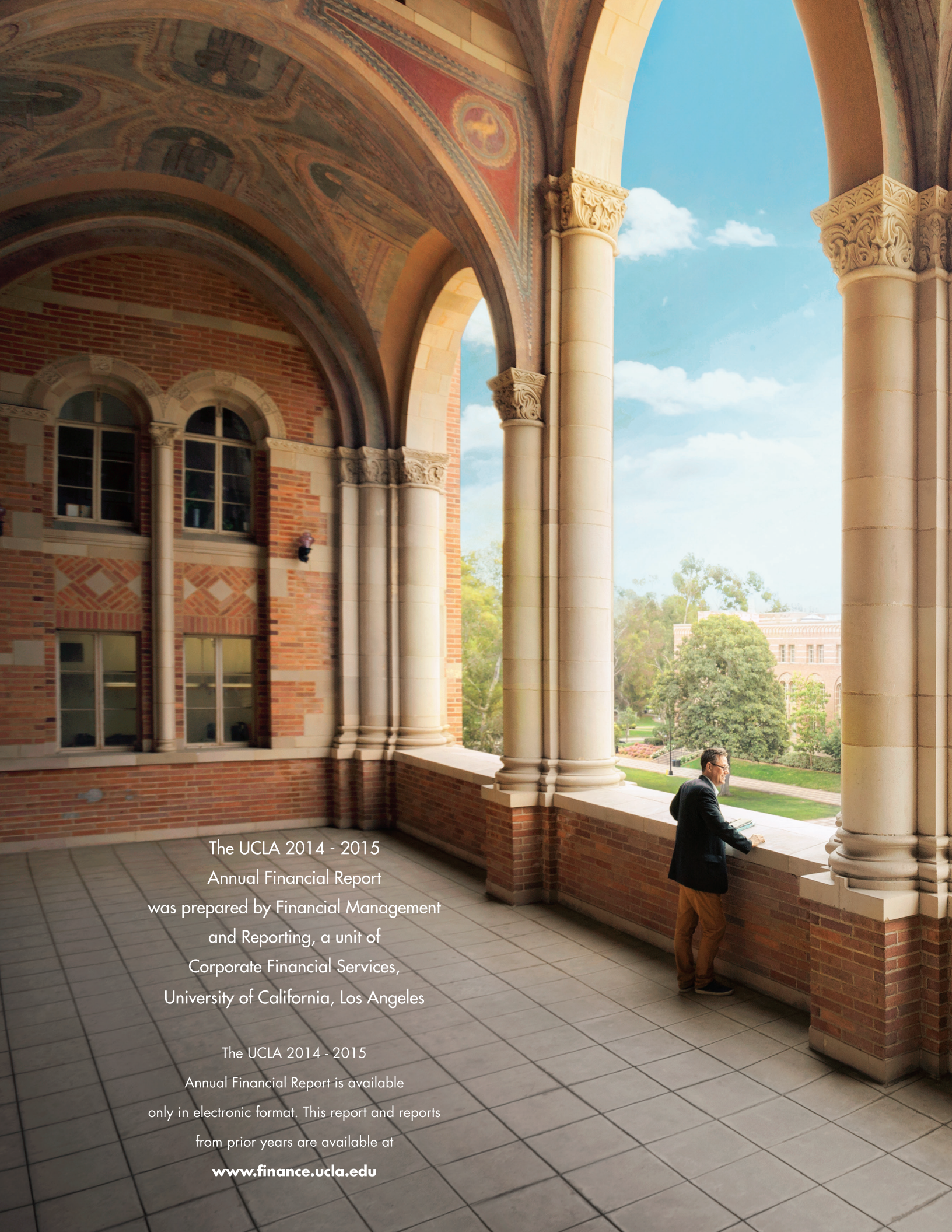
Golf (3)	1991	2004	2011								
Gymnastics (6)	1997	2000	2001	2003	2004	2010					
Soccer (1)	2013										
Softball (11)	1982	1984	1985	1988	1989	1990	1992	1999	2003	2004	2010
Tennis (2)	2008	2014									
Track & Field - Indoor (2)	2000	2001									
Track & Field - Outdoor (3)	1982	1983	2004								
Volleyball (4)	1984	1990	1991	2011							
Water Polo (7)	2001	2003	2005	2006	2007	2008	2009				

Men's National Team Titles (6)

Football (1)	UPI	1954			
Rowing (2)	IRA	1972	1973		
Volleyball (3)	USVBA	1956	1965	1967	

Women's National Team Titles (16)

Badminton (1)	AIAW	1977			
Basketball (2)	AIAW	1978			
	WNIT	2015			
Golf (1)	DGWS	1971			
Rowing (1)	IRA	1974			
Softball (1)	AIAW	1978			
Tennis (1)	AIAW	1981			
Track & Field (2)	AIAW	1975	1977		
Volleyball (3)	DGWS	1972			
	AIAW	1974	1975		
Water Polo (4)	National Collegiate	1996	1997	1998	2000



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